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LEGISLATIVE HISTORY

Public Law 474—77th Congress

Chapter 141--2d Session

H. R. 6611

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DIGEST OF PUBLIC LAW 474

FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION ACT, 1942.

Appropriates \$1,525,764, 000 for clothing and equipage of the Army.

Permits the President to authorize the War Department to transfer to foreign governments defense articles.

Appropriates \$1,502,000,000 and authorizes contracts of \$2,350,000,000 to increase the construction fund of the Maritime Commission.

Appropriates \$5,425,000,000 for defense aid (lend-lease) of which \$3,567,115,000 is for agricultural, industrial, and other commodities and articles. Authorizes the President to transfer not over 20 percent of consolidated lend-lease appropriations to other such appropriations, which shall not be increased by over 30 percent. Authorizes the President to retain in one department or transfer to another department such defense articles in lieu of disposition to a foreign government. Defines "defense article" to include defense information and services.

Prohibits use of these appropriations to pay persons who advocate overthrow of the Government by force. Restricts employment of aliens with these appropriations.

INDEX AND SUMMARY OF HISTORY ON H. R. 6611

February 11, 1942	Hearings: House, H. R. 6611
February 17, 1942	House Committee on Appropriations reported H. R. 6611. House Report 1790. Print of the bill as reported. H. R. 6611 was debated in the House and passed as reported.
February 18, 1942	H. R. 6611 was referred to the Senate Committee on Appropriations. Print of the bill as referred.
February 19, 1942	Hearings: Senate, H. R. 6611.
February 23, 1942	Senate Committee on Appropriations reported H. R. 6611, with amendments. Senate Report 1113. Print of the bill as reported.
February 25, 1942	H. R. 6611 was discussed in the Senate and made unfinished business.
February 26, 1942	H. R. 6611 was debated in the Senate.
March 2, 1942	H. R. 6611 debate concluded. Passed Senate with amendments. House concurred in the Senate amendments.
March 5, 1942	Approved. Public Law 474.



Feb. 11



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**FIFTH SUPPLEMENTAL NATIONAL DEFENSE
APPROPRIATION BILL FOR 1942**

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HEARINGS

BEFORE

**SUBCOMMITTEES OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES**

SEVENTY-SEVENTH CONGRESS

SECOND SESSION

ON THE

**FIFTH SUPPLEMENTAL NATIONAL DEFENSE
APPROPRIATION BILL FOR 1942**

**TITLE I—WAR DEPARTMENT (MILITARY ACTIVITIES)
TITLE II—MARITIME COMMISSION
TITLE III—DEFENSE AID (LEND-LEASE)**

Printed for the use of the Committee on Appropriations



FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL FOR 1942

HEARINGS BEFORE SUBCOMMITTEES OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES SEVENTY-SEVENTH⁴⁷⁻ CONGRESS₄₇ SECOND SESSION ON THE FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL FOR 1942

TITLE I—WAR DEPARTMENT (MILITARY ACTIVITIES)
TITLE II—MARITIME COMMISSION
TITLE III—DEFENSE AID (LEND-LEASE)

Printed for the use of the Committee on Appropriations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1942

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JOINT SESSIONS OF THE SUBCOMMITTEES ON DEFICIENCY AND WAR DEPARTMENT
APPROPRIATIONS ON TITLE I (MILITARY ACTIVITIES OF THE WAR DEPARTMENT)
AND SESSIONS OF THE DEFICIENCY SUBCOMMITTEE ON OTHER MATTERS

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FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION, 1942

HEARINGS ON MILITARY ACTIVITIES OF THE WAR DEPARTMENT (TITLE I) CONDUCTED AT A JOINT SESSION OF THE SUBCOMMITTEES OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY AND WAR DEPARTMENT APPROPRIATIONS: MESSRS. CLARENCE CANNON (CHAIRMAN), CLIFTON A. WOODRUM, LOUIS LUDLOW, J. BUELL SNYDER (CHAIRMAN, WAR DEPARTMENT SUBCOMMITTEE), EMMET O'NEAL, GEORGE W. JOHNSON, LOUIS C. RABAUT, JED JOHNSON, DAVID D. TERRY, JOE STARNES, ROSS A. COLLINS, JOHN H. KERR, GEORGE H. MAHON, JOHN TABER, RICHARD B. WIGGLESWORTH, WILLIAM P. LAMBERTSON, D. LANE POWERS, J. WILLIAM DITTER, ALBERT J. ENGEL, AND FRANCIS H. CASE; ON THE DAYS FOLLOWING, NAMELY:

AND

HEARINGS ON DEFENSE AID (LEND-LEASE) AND THE MARITIME COMMISSION CONDUCTED BY THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY APPROPRIATIONS: MESSRS. CLARENCE CANNON (CHAIRMAN), CLIFTON A. WOODRUM, LOUIS LUDLOW, J. BUELL SNYDER, EMMET O'NEAL, GEORGE W. JOHNSON, LOUIS C. RABAUT, JED JOHNSON, JOHN TABER, RICHARD B. WIGGLESWORTH, WILLIAM P. LAMBERTSON, AND J. WILLIAM DITTER, ON THE DAYS FOLLOWING, NAMELY:

WEDNESDAY, FEBRUARY 11, 1942.

WAR DEPARTMENT

STATEMENT OF MAJ. GEN. R. C. MOORE, DEPUTY CHIEF OF STAFF; ACCOMPANIED BY MAJ. GEN. E. B. GREGORY, QUARTERMASTER GENERAL; MAJ. GEN. BREHON B. SOMERVELL, ASSISTANT CHIEF OF STAFF, G-4; BRIG. GEN. H. S. AURAND, DEFENSE AID DIRECTOR; COL. C. G. HELMICK; LT. COL. R. S. MOORE; AND LT. COL. D. W. BRANN, GENERAL STAFF; AND E. D. STODDARD, LEND-LEASE ADMINISTRATION

The CHAIRMAN. General Moore, we have before us an estimate for \$22,888,901,900 for critical and essential material for the Army, as reported in House Document 615.

We will be glad to have you make a general statement, and, in the course of your statement, I hope you will indicate how many officers

and men have been appropriated for heretofore, and, in the way of munitions, measured by men, the provision that has been made for essential and critical items and potential productive capacity.

General MOORE. Yes, sir; I will give you that in my general statement.

The CHAIRMAN. You may proceed.

GENERAL STATEMENT

General MOORE. There is submitted for your consideration supplemental estimates D, fiscal year 1942, in the amount of \$22,888,901,900, to provide equipment for the War Department. Of this amount \$920,000,000 is for the liquidation of prior contract authorizations, making the amount available for the new procurement \$21,968,901,900.

OBJECT OF THE PROGRAM

These estimates, in conjunction with the Fourth Supplemental National Defense Appropriation Act, 1942 (War Department airplane program), are designed to be the War Department's first step in meeting the equipment objectives set by the President in his speech of January 6. As you remember, the President stated that we would produce in calendar year 1942, 45,000 tanks and 20,000 anti-aircraft guns. These estimates provide for balanced stocks of equipment, to match the items set by the President as our 1942 production goals. They also provide facilities for expediting production which will increase the productive capacity of industry to meet the increased goals set by the President.

The estimates are for equipment only.

It is proposed that the other needs be provided for in estimates soon to be submitted for your consideration.

CATEGORIES OF EQUIPMENT IN THE ESTIMATES

The equipment provided in these estimates is divided into three general categories:

First. An equipment program, which is made up of the combined requirements of the augmented United States forces for organizational and field equipment, and the requirements of defense aid.

Second. Other specific items of equipment and supplies required for the United States forces as a whole, but which do not pertain to specific units.

Third. Equipment and facilities for expediting production.

THE EQUIPMENT PROGRAM

In considering that part of the equipment program which relates to the United States forces, it will be well to review what has been provided in the prior equipment programs of this fiscal year.

The fiscal year 1942 estimates provided essential items for a force of approximately 1,575,000 men and the bulk of critical items for an augmented force of approximately 2,800,000 men.

You will recall that "essential items" are those which are essential for effective combat. "Critical items" are those essential items for which suitable substitutes do not exist, which take a long time to procure, and which represent a procurement problem.

The First Supplemental National Defense Appropriation Act, 1942, approved August 25, 1941, provided essential items for a protective mobilization plan force of 1,727,000 men and, in addition, Air Corps items for the second aviation objective; critical items for an augmented force of approximately 2,980,000, including the second aviation objective.

ESSENTIAL ITEMS PROVIDED IN THIRD SUPPLEMENTAL APPROPRIATION ACT

In the Third Supplemental National Defense Appropriation Act, 1942, approved December 17, 1941, essential items were provided for certain Air Force units previously included in the augmented force, to the extent of about 63,000 men, making a total provided in essential items of about 1,800,000. Critical items were provided for certain units not previously included to the extent of about 25,000, bringing the total provided in this type of equipment to about 3,000,000 men.

There was also provided equipment for Philippine Commonwealth Army of approximately 145,000 then being activated; and an additional pool of special items of equipment of types used in large quantities by the Axis forces, such as combat vehicles and tanks, antiaircraft and antitank weapons and ammunition therefor. This pool of weapons was designed to permit industry to attain a maximum production of these items with the facilities available, and to provide equipment with which to make desirable changes in the organization and armament of our Army. In all of the above estimates, peacetime or training maintenance was provided for many essential items, particularly clothing, individual equipment, motor vehicles, and animals.

DEVELOPMENTS WHILE ESTIMATES WERE BEING PROCESSED

The Army was not static; changes were made in the over-all strength, in the type of units composing the force, in the strength and composition of the individual units, and in the arms and equipment of the units. Based on the status of equipment on October 1, 1941, an expenditure program for the funds provided in the Third Supplemental Appropriation Act, 1942, was drawn up.

Before the final passage of the Third Supplemental National Defense Appropriation Act, 1942, war was upon us. Plans were immediately put into effect to expand the Army with the utmost dispatch. It became necessary to provide essential as well as critical items for the augmented force, as a first step in providing equipment for a much greater force which would be raised in an orderly fashion.

UNITED STATES REQUIREMENTS

These estimates contain the shortages developed by applying against the requirements all of our resources in equipment on hand, on order, or for which funds were provided. All maintenance factors are based upon combat maintenance for 1 year or until production equals wastage.

In addition to these shortages, there are included two general classes of equipment which have not previously been included. The first is a pool of medical supplies and equipment which is needed to make up the complete equipment of certain field medical units. The second is a pool of engineer equipment and supplies for use in the theater of

operations for construction and maintenance of ports and docks, water supply, storage, field fortifications, railroads, roads, and camouflage.

There are many factors which will affect the sufficiency of the equipment included in these estimates. The force upon which the equipment requirements were based was that determined in November 1941, for unknown theaters of operation. Since that time, definite theaters have been occupied, changes in numbers, types, and composition of units have been made, and within units, many changes of equipment have been necessary, to meet changing requirements. In other words, equipment requirements have changed materially.

The speed-up of industry by the use of the 7-day week and 24-hour day, which was directed by the President, produces not more than two and a quarter to two and a half times the amount of a single shift, and will cause an increased cost estimated generally to be about 10 percent.

All probable theaters of operation are reached by long sea routes which are open to attack, and transportation losses may be large. To be prepared to meet all these conditions, we have asked, as a reserve to be applied to the equipment program, additional funds for all items of troop equipment. This reserve will be used to meet changed requirement as they arise, and is urgently requested as a necessary cushion to permit prompt and efficient supply and equipment of the Army under the uncertain conditions of war.

LEND-LEASE REQUIREMENTS

Combined with the United States requirements under the heading, "Equipment program," are specific requirements of nations associated with us in our combat against the Axis Powers. The lists of equipment included were prepared after careful study of the capacity of industry and of the needs of the United States forces. The Supply Priorities Allocation Board made an estimate of the capacity of the country to produce the types of equipment desired, and from this estimate was deducted the equipment requirements outlined above for the United States forces. The balance was used to establish the over-all limit for defense aid equipment to be requested in these estimates. Within this limit are included all of the noncommon items requested by our associates, that is, items which pertain to them alone; and the remainder was made up of items common to our associates and to our forces.

In addition to the specific items requested there is added a reserve, which is necessary to provide a cushion to meet the increased cost due to speed-up, the hazard of transportation losses, and especially "spot items"—emergency requests demanding prompt procurement, which come up from time to time, which amounted to over \$1,000,000,000 last year.

The United States requirements and the defense aid requirements are consolidated under the one heading "Equipment program." While the program has been made up as indicated, it is considered as a single pool of equipment, which will be available to meet the needs of the United Nations for combat against the Axis. It will be used where it will best meet the demands in such operations, regardless of whether United States or associated troops are the ones to use it. Transfers will be accomplished and recorded in accordance with the

Lend-Lease Act, under the general provision included in these estimates.

OTHER ITEMS OF EQUIPMENT

The second category, "Other items of equipment," provides many items which pertain to the expanded force, but not to definite troop units. In all cases, the time necessary for procurement is such as to require funds now in order to produce the equipment at the times needed by the expanding force.

Some of the major items are:

Field rations and stockages of nonperishable subsistence items for the expanded force.

A reserve of office, mess, and barracks supplies and equipment necessary to be procured now so as to be on hand by the time the units of the expanded force are activated.

Motor, signal, and other special equipment to implement the expanded ground school program, which is vital to the expansion of the Army.

Radio and communication equipment for fixed installations overseas and in this country; aircraft warning service equipment to augment present systems, and certain additional communications equipment.

Certain chemical warfare equipment, such protective apparatus, depot equipment, and war reserve ammunition.

Seacoast defense equipment to be used in connection with installation of the critical and essential items included in the equipment program.

For many of these items there has been requested a factor of 10 percent to provide for speed-up, and to provide a reserve for possible overseas shipping losses.

EXPEDITING PRODUCTION

The third category of the estimates, "Expediting production," will be taken up this afternoon by the Under Secretary of War, Judge Patterson. He, with General Knudsen, will state the general procurement problems involved.

BREAK-DOWN OF ESTIMATES

A general break-down of the program is:

Equipment program.....	\$18, 900, 000, 000
Other items of equipment.....	460, 000, 000
Expediting production (less lend-lease).....	2, 609, 000, 000
Total new appropriations.....	21, 969, 000, 000
Liquidating contract authorization.....	920, 000, 000
Total appropriation.....	22, 889, 000, 000

POSSIBILITY OF PROCUREMENT

The program has been presented to the Chairman, War Production Board, to determine whether contracts for the equipment can be promptly and advantageously placed, whether industry can absorb the orders, and the time objectives can be met.

The Chairman stated in a letter which I will leave with the committee:

It is the general consensus of opinion that the funds necessary for this program should be obtained as quickly as possible, that contracts for the items shown in the estimates can be promptly and advantageously placed, and that industry can absorb the orders to the extent represented by the estimates. * * * Our divisions have placed considerable emphasis on the need for reappraisal of standards and specifications if the goal as set down is to be fully met.

It is our opinion that every effort should be made to place contracts for the items in the estimates as quickly as possible after funds are made available and that the load should be spread as broadly throughout American industry as can be done. If these principles are followed, I am confident that the objectives set forth can be attained, with perhaps minor exceptions, the importance of which does not effect any change in the objectives.

COORDINATION

The lend-lease requirements in this program have been coordinated in the Bureau of the Budget with those of the Lend-Lease Administration for the remainder of fiscal year 1942, and the programs so adjusted that no duplication exists.

CONSOLIDATION OF APPROPRIATIONS

(See p. 12)

Under war conditions, the large number of appropriations under which our funds are provided has proved to be a handicap to administration in the field, particularly in overseas forces. In order to simplify administrative procedure, we are proposing to consolidate the appropriations of the Quartermaster Corps and Welfare of Enlisted Men, to be disbursed and accounted for as one fund; and also those of the Corps of Engineers. The consolidation is requested primarily to simplify the problem of the commander and administrator in the field, by reducing the number of appropriations with which he has to deal. The consolidations, in general, are those which the Congress authorized in the first World War, and are essential to the satisfactory accomplishment of the command and administrative functions of the Army.

In connection with that, we have set up an administration in the general staff for the allocation of funds which will be under General Somervell and myself, and that applies also to the transfer between appropriations.

TRANSFER BETWEEN APPROPRIATIONS

It is also proposed to increase the interchangeability of funds between appropriation titles, which has been in effect for the past two fiscal years, from 5 to 25 percent. As the fiscal year progresses, unforeseen requirements arise under certain appropriations and we frequently find it possible to supplement those appropriations by transfer from others where the need for funds is less urgent. Under this authority, we are able to some extent to avoid the necessity for more frequent appropriations. The increase in the percentage of transfer now proposed is desired as a means of meeting the many emergencies which will arise under war conditions. The authority requested is

substantially the same as was granted in the defense aid appropriations contained in the Second Supplemental National Defense Appropriation Act, 1942, Public Law 282, approved October 28, 1941.

I shall be glad to answer any questions regarding the program.

The CHAIRMAN. The letters to which you refer, General Moore, will be included as a part of your statement, if you have no objection.

General MOORE. I prefer that they not be published in the record.

The CHAIRMAN. When your statement is returned to you you are free to go over it with a pencil, and if there is anything you think should not go into the record you may delete that, or you may elaborate anything which you think might be explained a little more clearly.

During our discussion here this morning, if you will indicate to the reporter what is not for the record, that will not be taken down, or if there is anything taken down which you later decide should be omitted, that is entirely within your discretion.

General MOORE. Yes, sir.

MATÉRIEL PROVISION IN TERMS OF MEN

The CHAIRMAN. I would like to ask you this general question, General Moore: It is according to our understanding that up to this time we have provided critical and essential materials for an army of a certain number of men and that we have provided production facilities to supply an army of a certain number.

I notice in your statement you mention other figures.

[Discussion off the record.]

The CHAIRMAN. And it proposes to increase the production facilities up to what?

General MOORE. The production facilities are increased, not for a certain number of men, but to attain production levels to meet the objectives set by the President. In other words, it is a question of producing facilities to provide a certain rate of production.

AMOUNT OF ESTIMATES FOR DEFENSE AID

The CHAIRMAN. In section 102, relating to lend-lease material, which we will take up later in detail, I would like to ask you, General Moore, at this time, if you can tell us, generally speaking, how much of this is intended to be transferred?

General MOORE. Approximately \$12,000,000,000.

NEED FOR FUNDS AND PRODUCTION CAPACITY

The CHAIRMAN. We have previously provided for this fiscal year, General Moore, that is, for the year ending June 30, 1942, in round numbers, 34½ billion dollars for the Army, and back of that we have provided a further very material sum. These are staggering amounts.

I would like to ask whether, in requesting this additional amount of \$22,000,000,000 which you are asking for here, you are merely estimating that or asking for it on a contingency basis, on what might happen, or if you can definitely see right now an immediate and specific need of it.

General MOORE. We are asking for this on a definite basis of the number of troops we will have, and on the needs of the nations associated with us. It is for an all out effort.

The CHAIRMAN. Congress will be in session during the rest of this war. We are going to be sitting here practically every day, and we can act immediately on any funds which might be needed.

In view of the fact that you are asking for a portion of this amount in a sense as an insurance, do you not think this can be scaled down to the needs we actually have in sight, and the quantities you can actually promptly produce?

General MOORE. No; we have the needs for this amount firmly in sight, including our own forces and those of the associated powers.

The CHAIRMAN. And you have the production capacity to produce it?

General MOORE. Yes, sir, that is what the War Production Board says.

INTERCHANGE OF APPROPRIATIONS

(See pp. 11, 13, 20, 23)

The CHAIRMAN. In section 101, on page 10 of the committee print of the bill, you ask for an increase in the limitation of interchangeability from 5 to 25 percent, and I notice on pages 21 and 22 of your statement, in connection with interchangeability, you refer to simplified administration by a consolidation of the appropriations of the Quartermaster Corps and the Corps of Engineers.

In your request for interchangeability you request, in effect, an interchangeability of 100 percent as between appropriations under the Engineers and the Quartermaster Corps respectively, and then as between the appropriations of all branches, including the Engineers and Quartermaster, you request 25 percent interchange right.

The CHAIRMAN. In the Air Corps appropriation you have \$14,000,000,000 and for Ordnance \$22,000,000,000, making a total of \$36,000,000,000. Twenty-five percent of that would be \$9,000,000,000. In other words, you would be in a position to appropriate, without consulting Congress, over \$9,000,000,000 there, and that is a tremendous sum. Now, Congress has never pinched the Department in the matter of funds, but we have supplied all the funds you have needed for the purposes for which you needed them. Do you not think this is going a little strong to ask us to appropriate sums aggregating an amount like that, to be practically at the discretion of the War Department, or for use wherever they wish to use them?

General MOORE. It is not discretionary with the War Department, because the Bureau of the Budget, the fiscal control agency of our Commander in Chief, the President, must approve the transfer. Whenever we desire to make transfers, we must present our case to the Bureau of the Budget for approval. Furthermore, we cannot very well make any such transfer between appropriations as you suggest, because our appropriations are based upon detailed estimates, and we follow those estimates to the extent of our ability to do so. I say that, because they cover certain specific items. We simply want flexibility in the appropriations, so that if, for some reason, a

need suddenly arises for an unforeseen contingency, we can transfer funds from a project which is not so critical, to the item where it is urgently needed. Our estimates are based largely on firm requirements and, generally speaking, they will be expended on that basis.

The CHAIRMAN. Up to this time you have had a leeway of 5 percent, and that would amount to \$1,800,000,000. Now, do you not think that that is sufficient, in view of the fact that Congress is sitting every day? Do you not think it would be sufficient if you have a latitude of 5 percent under these large sums? What is the necessity for increasing that amount, when you have been able to operate on a basis of a 5-percent transfer?

General MOORE. In certain appropriations, our need for transferability will not amount to 5 percent; but in others it would be impossible to meet our needs with a 5-percent transfer limitation. We would use this power only in case of emergency. I think Colonel Helmick, who has gone into this with the Budget Bureau, could give you a further explanation of it.

Colonel HELMICK. There are many rather small appropriations where the 5-percent limit is insufficient. The 5-percent transfer limitation applies not only to any amount that may be transferred out of an appropriation but, also, to amounts which may be transferred into an appropriation. The proposed 25-percent limitation applies in the same manner. There are a number of small appropriations, notably the ones for schools, which have required augmentation, and we have been hampered in the amounts which we have been able to transfer to them under the 5-percent limitation. The 25 percent is desired as a reserve to meet emergencies as they arise. It will permit a quick use of funds available to the War Department to meet the unforeseen emergencies which arise in war. As General Moore has stated, all of our estimates are based upon specific requirements; and it would be in cases of extreme emergency only that an appropriation which is based on a firm requirement would be robbed of funds for transfer to another appropriation.

The CHAIRMAN. To what extent have you availed yourself of the 5-percent transfer privilege up to this time?

Colonel HELMICK. Very little so far.

The CHAIRMAN. Up to this time the 5-percent transfer privilege has been ample?

Colonel HELMICK. Up to this time the 5 percent has not hurt us materially, but it has cramped us in some cases.

The CHAIRMAN. Have you used the 5-percent transfer privilege in any particular case?

Colonel HELMICK. Yes, sir; we used it up to 5 percent last year in some quartermaster appropriations, regular supplies I think, where we were limited in the amounts which could be transferred into the appropriation. The 5-percent limitation in the small appropriations makes the amount which they could be augmented comparatively insignificant.

The CHAIRMAN. We will take up the details with the Chief of the Department. Is there anything further that you wish to call to our particular attention at this time?

General MOORE. No, sir; not aside from the statement I have made.

WAR PRODUCTION BOARD'S RELATION TO PROGRAM

Mr. SNYDER. General, to what extent does the War Production Board tell you or the Army what you are to get?

General MOORE. They do not tell us what we shall get. We ask them for what we want. We submit our own requirements.

Mr. SNYDER. To what extent do they curtail your requests in any way, or do they give you what you ask?

General MOORE. They give us what we ask if they have the capacity to produce it. They have given us figures on what they think can be produced during the calendar year 1942 and the following year. They tell us the ceiling of production within a certain time, and we give them our requirements on the basis of what the production resources can stand.

Mr. SNYDER. What do you mean by the expression "all-out insurance basis"?

General MOORE. I did not mean all-out insurance, but I meant all-out war.

Mr. SNYDER. What do you mean by an all-out war?

General MOORE. I mean that we cannot foresee at this time how many troops we will need to carry the war to a conclusion. It will actually take our whole or "all-out" productive capacity, as we see it, to carry the war to a conclusion.

DETERMINATION OF LEND-LEASE ALLOCATIONS

Mr. SNYDER. Who determines the lend-lease adjustments that are made with reference to the different sections or units?

General MOORE. Do you mean the distribution?

Mr. SNYDER. Yes.

General MOORE. That is determined by the Munitions Assignment Board, which reports to the combined Chiefs of Staff Committee. The Chiefs of Staff Committee consists now of the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of the Army Air Forces, and the Commander in Chief of the United States Fleet, for the American side; and there are the corresponding representatives on the British side. Then there is the Munitions Assignment Board with a corresponding number of British and American officers, headed by Mr. Hopkins.

Mr. SNYDER. With reference to transfers, the Bureau of the Budget would not in any way go contrary to your requests, would it, if you stated that certain moneys should be made available to you in a different channel so as to enable you to better prosecute the war?

General MOORE. I do not think they would, if the request was reasonable.

Mr. SNYDER. You would have to be the one to determine whether it was reasonable, or not, because surely you would know more about that than they would.

General MOORE. That is true.

IMMEDIATE ENLISTED STRENGTH OBJECTIVE

Mr. WOODRUM. What is the augmented program, or what is the present objective?

General MOORE. About 3,600,000 men.

Mr. WOODRUM. When do you expect to reach that strength?

General MOORE. By the end of 1942.

Mr. TABER. Do you mean the calendar year?

General MOORE. Yes, sir; the calendar year.

Mr. WOODRUM. That objective will be reached by the induction of conscriptees as well as enlistments?

General MOORE. Yes, sir.

Mr. WOODRUM. Are voluntary enlistments in the Army holding up?

General MOORE. Yes.

Mr. WOODRUM. Are they contemplated in this additional number you expect at the end of the calendar year?

General MOORE. Yes, sir; to some extent.

Mr. WOODRUM. Are you reasonably sure of reaching that number of 3,600,000 by the end of the fiscal year?

General MOORE. Yes, sir.

The 3,600,000 figure includes approximately a 1,000,000 Air Force including ground elements.

INTERCHANGE OF APPROPRIATIONS

(See pp. 8, 13, 20, 23)

Mr. WOODRUM. With reference to the requested permission to have the right to transfer not to exceed 25 percent of the funds appropriated, I understood you to say that some similar provision was covered in legislation during the prior war.

Colonel HELMICK. That statement applied to consolidation of appropriations. The consolidation of Quartermaster appropriations was authorized in the last war.

Mr. WOODRUM. What about the right to transfer funds? Is there any precedent for that?

Colonel HELMICK. Not in the War Department appropriations. Colonel Moore will state the other precedent.

Colonel MOORE. Section 101 (f) of the Second Supplemental National Defense Appropriation Act, 1942, provides that the President may transfer not to exceed 20 percent of an appropriation to another consolidated appropriation, but no appropriation may be increased more than 30 percent. This applied to defense aid.

Mr. WOODRUM. The principal reason for the request to increase this limitation from 5 percent to 25 percent is because of the fact that we are now having troops abroad in the field: Is that the reason?

General MOORE. It is due to emergencies, or to unforeseen contingencies that may arise in war.

Mr. WOODRUM. You cannot tell one day what you will be called upon to do the next day.

General MOORE. That is true. Something comes up every day that we have not foreseen to some extent.

Mr. WOODRUM. If such a provision should be made, would there be the same procedure to the end that Congress would be apprised of what had been done in the way of making such transfer?

General MOORE. We will be glad to submit a complete report of it to Congress.

Mr. WOODRUM. Is that provided for in the case of the 5-percent transfer, or is that the ordinary procedure when transfers are made?

Colonel HELMICK. It is not provided for in the present or proposed wording. However, any transfer must be approved by the Bureau of the Budget. It is processed through the Bureau of the Budget and is authorized by them.

Mr. WOODRUM. I understand that in some bills we provide a 10-percent transfer clause, and in that connection we also provide for full report to be made whenever the authority is used. That could be done in this case if such permission was granted by the committee, so that Congress would be fully apprised of exactly what changes had been made in the appropriation.

General MOORE. Yes, sir; that could be done.

CONSOLIDATION OF APPROPRIATIONS

(See p. 6)

Mr. STARNES. Speaking with reference to the proposal to consolidate the funds within the Quartermaster Department and within the Engineer Department so you would have a 100 percent interchangeability, you still contemplate submitting to the Appropriations Committee a detailed and exhaustive justification for that, with your figures and estimates?

General MOORE. Yes, sir.

Mr. STARNES. You look upon this provision or this request as being necessary because of war conditions only, and it is not to establish a precedent for peacetime appropriations?

General MOORE. That is correct.

Mr. STARNES. Furthermore, the War Department is perfectly willing to pledge itself to give a strict accounting to the committee of any transfers of funds under this appropriation?

General MOORE. Yes, sir.

Mr. STARNES. Did I understand you to say that about \$12,500,000,000 would be transferred to the Associated Powers, or that that amount was contemplated for lend-lease purposes?

General MOORE. Yes, sir.

Mr. STARNES. How is the production program coming along?

General MOORE. It is coming along very well in some items, but in other items not so well.

Mr. LUDLOW. General, the President in his message to Congress stated certain objectives as to quantities of production for this year and next year in the way of planes, tanks, etc. Are these objectives being met, in your opinion, or will they be met in toto?

General MOORE. I would rather you would discuss that with the Under Secretary. That is the objective, and the whole attempt is to meet that objective. That is all we expect to do under this estimate.

Mr. LUDLOW. Is it your opinion that you will be able to assimilate this enormous program?

General MOORE. I think, in general, that we will.

Mr. LUDLOW. What about the manpower? Will there be sufficient manpower to make the program effective?

General MOORE. There will be manpower, but it takes time to train man-power.

Mr. LUDLOW. Is it contemplated that manpower will be enlisted?

General MOORE. No, sir.

PURPOSE OF MANPOWER BOARD

Mr. LUDLOW. What is the purpose of the manpower board that has been set up?

General MOORE. I think it is for the possible allocation of manpower to certain industries.

Mr. LUDLOW. It is not the purpose to enlist manpower now and make it subject to the same law as soldiers?

General MOORE. No, sir.

Mr. LUDLOW. When do you expect delivery of these enormous quantities of production that would come under this bill?

General MOORE. I do not know. I think you had better ask the Chief of Ordnance and the Quartermaster General about that.

Mr. LUDLOW. Are you continuing in your contracts the same cancellation clause that has been made a part of former contracts?

General MOORE. Yes, sir.

INTERCHARGE OF APPROPRIATIONS

(See pp. 8, 11, 20, 23)

Mr. LUDLOW. I understood one officer to say that under the 5-percent transfer privilege there has really been no cramping of the Department up to date. In our normal previous estimates of appropriations, you have been asking for a 10-percent transfer privilege, or that is the percentage that has been normally requested. Do you not think that would be sufficient?

General MOORE. We requested 10 percent in our 1943 estimates, before war was declared. We considered that carefully for quite a while and determined 25 percent as required for war conditions. I think General Somervell made the original recommendation on this.

General SOMERVELL. A large part of the difficulty will be met in consolidating the appropriations within the Quartermaster's Corps and within the Corps of Engineers. However, as previously mentioned, there are some small appropriations where they may need to move money from one to another, and where 5 percent would not be enough. As has been brought out, there has been very little recourse of the Department to this privilege which it had. It has always followed the appropriation very well, without recourse to that privilege, and when we go to 25 percent, we do not anticipate many big changes in the appropriation. The big thing we are trying to secure is the right to do it in the event of emergencies. We do not know what emergencies will arise, and when we do not know what they will be, we want to see it provided for right now.

Mr. LUDLOW. Now, General, as I visualize the situation with reference to this transfer privilege, the necessity for the transfer privilege applies only to your small appropriations, and I was wondering if language could be devised where it would place a certain limitation, where it is applicable?

General SOMERVELL. Yes, sir.

Mr. LUDLOW. Where it is really needed; but, at the same time, would not extend this transfer privilege over the whole bill.

General SOMERVELL. You could say "25 percent, but not to exceed \$1,000,000,000", if you like.

Mr. LUDLOW. I was wondering if that would be acceptable to you.

General MOORE. That would be acceptable.

DELETION OF NONESSENTIAL ITEMS FROM SUPPLY TABLES

Mr. LUDLOW. Now I wish to ask some questions about supplies: Has the Army deleted nonessential items from their supply table, General Moore?

General MOORE. Yes, sir; as far as I know.

Mr. LUDLOW. If so, will you submit to the committee a list of the items deleted?

General MOORE. It is in process of preparation.

Mr. LUDLOW. Can you give the committee a list of the items deleted?

General SOMERVELL. Yes, sir, that is in process now and probably will be completed around the 1st of March.

Mr. LUDLOW. Does the Army have committees on standardization and simplification?

General SOMERVELL. Yes, sir.

Mr. LUDLOW. Are they actively at work in those committees?

General SOMERVELL. Yes, sir.

REMOVAL OF COST LIMITATION ON MOTOR-VEHICLE REPAIRS

Mr. LUDLOW. I notice in the bill you propose to delete the provision which we have carried in the Treasury and Post Office bill for a good many years, applicable to the general service. That is the one which places a limitation of \$400 on repairs to motor vehicles. Do you think that would be quite a handicap? Would that be much of a handicap, General Gregory?

General GREGORY. Yes, it would. It is a handicap largely from an accounting standpoint, in just figuring out how many need repairs.

Mr. LUDLOW. Of course, where you are going to effect operations in a short space of time, that would really be a serious drawback?

General GREGORY. Yes, sir.

Mr. LUDLOW. But since you make it applicable here only to the War Department, the same situation, I take it, would apply to the Navy, and you would not have any objection to having this language apply to all of the military forces, both the Army and the Navy?

General GREGORY. No, sir.

REDUCTIONS IN ESTIMATES EFFECTED BY BUDGET BUREAU

Mr. POWERS. General Moore, did the Budget allow you all of the funds you requested in this particular supplemental?

Colonel HELMICK. All of the funds for specific equipment, with two exceptions.

Mr. POWERS. What are they?

Colonel HELMICK. One was the purchase of ships, amounting to some \$56,000,000, which was eliminated with the acquiescence of the War Department based on the statement of Admiral Land to the Bureau of the Budget that the Maritime Commission would furnish to the War Department ships as needed, as they were available.

Mr. POWERS. What was the other item?

Colonel HELMICK. The other item was a small one of office supplies and equipment for schools. The expansion of the service schools was estimated to require office equipment and supplies amounting to

about \$500,000. It was a general estimate, because the expansion of the schools at that time was still not absolutely determined. The Bureau of the Budget allowed \$400,000 with the understanding that if it developed the schools were pinched the amount would be put in a later supplemental. In other words, there has been no cut in these estimates by the Bureau of the Budget which the War Department considers essential.

Mr. POWERS. I am glad to hear that, because Congress is appropriating every dime that you gentlemen come up here and ask for, and we always like to know what the Budget has done to you before you arrive here; because, in years gone by, the Budget did a plenty to the regular fiscal year War Department bills, and we have found that out much too late.

Colonel HELMICK. I would like to emphasize, sir, that the Bureau of the Budget has been most helpful in processing these estimates. It has examined the estimates thoroughly from the point of view of checking their adequacy, the prices and factors used, the logic of the justifications, and coordination with other agencies. It has made no reductions in which the War Department has not acquiesced.

Mr. POWERS. I am glad to hear that. In other words, in the last couple of years the Bureau of the Budget is really taking the War Department's word for what they need?

Colonel HELMICK. Yes, sir; and has been most helpful.

General MOORE. I would say in the last 18 months.

Mr. POWERS. In the last 18 months?

General MOORE. Yes, sir.

Mr. POWERS. General Moore, the size of this estimate together with the previous Army supplemental that we passed, the size of the Navy bill just passed, the indication there will be another supplemental in here in a very short time, plus the regular 1943 bill, indicates to me that you gentlemen look for a long-drawn-out affair and at the moment you are asking for everything for an all-out effort. That is correct, is it?

General MOORE. That is correct.

Mr. POWERS. I think you can rest assured that this Congress will believe the War Department and give you every dime of money you will require.

Now, General, I understood you to say the ultimate objective, as far as the strength of the Army is concerned, is ----- men; is that correct?

General MOORE. No.

Mr. POWERS. Who mentioned that factor this morning?

General AURAND. I mentioned it as an objective in the productive capacity in endeavoring to state the number of men which the capacity that we are endeavoring to create will provide for. It is very difficult to answer that on a manpower basis. What we are trying to do is to get out a balanced program in a given period of time. It bears a certain relationship to manpower, but some of these associated powers require only certain items, while other items are made at home, and it is very difficult to express anything on the manpower basis.

(After discussion off the record.)

NEGOTIATED CONTRACT VERSUS COMPETITIVE BIDDING

Mr. O'NEAL. General, coming back to the sort of prosaic side of this proposition, I am wondering what is the attitude of the War Department now as between the negotiated contract and competitive bidding.

I had occasion a few days ago to examine a competitive bid which had been reviewed by a very competent engineer, and he said it was necessarily \$4,000,000 or \$5,000,000 more on a \$34,000,000 job, because of the penalties and because of the profits they put into it; that it was four or five million dollars more than it would have been by a negotiated contract and took much longer. Have the War Department and the Engineer and Quartermaster Departments any definite opinion about that?

General MOORE. As I understand it, the Chief of Engineers is endeavoring as far as possible, to let as much of this work by competitive bidding as he can. The experience so far has been very favorable. There might be some exceptions. I do not know of your case.

As far as the time required is concerned, it often depends entirely on the situation. In some cases you can let a contract on a competitive bid and get the work started just as fast as you can through a negotiated contract.

General Somervell has had a lot of experience with both types of contract, and I would like to have him give you his opinion on the subject.

General SOMERVELL. Is this Columbus, Ind., to which you refer?

Mr. O'NEAL. Yes.

General SOMERVELL. I just happen to know about that one by accident. Those bids were divided into seven groups, as I remember it, and of those all bids were reasonable except the bid for the building.

Mr. O'NEAL. But even the total of the seven bids, so this engineer said, was probably several million more than the price for which the work could have been done under a negotiated contract; at the same time, they had no chance to get a negotiated contract.

General SOMERVELL. I have the same opinion as the Chief of Engineers in that respect. He is accepting bids which he believes to be reasonable, and is throwing out the others.

Mr. O'NEAL. I was not questioning the conduct; what I was asking and wanted to get on the record was, has the War Department settled upon the advisability of doing the one or the other from the standpoint of speed and economy?

General SOMERVELL. Yes, sir. There is no question about competitive bids being more economical.

Mr. O'NEAL. Even with the penalties attached and taking into account that the work is accomplished with due speed, will the contractor go in there and bid without taking all of that into consideration, and also his 10-percent fee or whatever is charged—with all of that taken into consideration, do you think those bids would be less than a negotiated contract?

General SOMERVELL. Up to the present they have been.

Mr. O'NEAL. So the War Department's opinion, as of today, is that competitive bidding is the better way to do it?

General SOMERVELL. Up to the present.

General MOORE. That has been based on our past experience in the last 18 months.

General SOMERVELL. I would like to go further, Mr. O'Neal, and say that where we have plans ready, competitive bidding is the best. Now you all were good enough to give us money for advance planning and, with that money, we were able to prepare plans for all of those camps which are being advertised now. In addition to that, there are a good many jobs, primarily munitions plants, the need for which sprang up ahead of the ability of the Ordnance Department to plan for them. Consequently, some of this unquestionably can be done better by fixed-fee contracts than otherwise.

Mr. O'NEAL. You have the option to do it either way you want to?

General SOMERVELL. Yes, sir.

Mr. O'NEAL. And I trust public opinion is not forcing you to do something which in your judgment you do not feel is the wise way to do it.

General SOMERVELL. No. I think the present policy is considered by the War Department, by the Under-secretary's office which controls the type of contracts, to be the wise policy.

SCOPE OF AUTHORITY OF G-4; SERVICE OF SUPPLY

Mr. O'NEAL. I would like to ask you another question: How far does G-4 service supply go? We are going to have our armies in foreign fields, and how far does your authority extend—to the port, or on to where the men are?

General SOMERVELL. The Assistant Chief of Staff, G-4's, authority at the present time extends to the port where the goods are discharged. In other words, let us say we are going to discharge goods in Brisbane; we would be responsible for the movement of the goods to Brisbane.

Mr. O'NEAL. Not to the American port; you mean to the foreign port?

General SOMERVELL. Yes, Brisbane. Or if we are going to send goods to Belfast, we will be responsible as far as Belfast. Then the commanding general in that theater of operations would have the responsibility from there on.

Mr. O'NEAL. But as far as your policy is concerned, you carry it all the way to the foreign port?

General SOMERVELL. Yes, sir.

(After discussion off the record.)

Mr. O'NEAL. Other than having the money expeditiously which you are asking for, is there anything up here in the way of legislation, or any bottlenecks that we might in any way cooperate with you to eliminate?

General MOORE. Only what we have here, sir.

Mr. O'NEAL. That is all you are asking us to do?

General MOORE. Yes, sir; at this time.

(After discussion off the record.)

Mr. RABAUT. General, is there any marked change in the set-up on lend-lease now, to what it was originally?

General MOORE. These funds are allocated directly to the War Department; it is not necessary for us to go to the Lend-Lease Administration to get our allocation.

Mr. RABAUT. Is there any bookkeeping kept of the lend-lease items that go to the different nations involved?

General MOORE. Yes, sir. Requisitions are submitted in detail by these nations; and when they are released, an accurate account is kept of every item, together with its cost and expense.

The CHAIRMAN. I might say, Mr. Rabaut, that General Aurand will appear for lend-lease and we will take that up at that time.

Mr. MAHON. General, I think this statement is correct but I should like for you to verify it for the record: There is nothing in this bill for new cantonments?

General MOORE. No, sir.

Mr. MAHON. Or the expansion of cantonments?

General MOORE. No.

Mr. MAHON. Or for building Air Corps schools or the expansion of Air Corps schools?

General MOORE. No, sir; that is correct.

EXPENDITURES, ALLOCATIONS, AND DELIVERIES

Mr. WIGGLESWORTH. As I understand it, General, in the last 18 months, since July 1, 1940, we have appropriated \$41,800,000,000 for the Army and there is \$23,000,000,000 more, roughly, here, or a total of over \$64,000,000,000. In addition to that we have appropriated about \$45,300,000,000 for the Navy, \$4,400,000,000 for other agencies, and there is \$1,500,000,000 more here for Admiral Land, making \$5,900,000,000, and we have appropriated about \$14,500,000,000 for lend-lease and, as I understand, there is something like \$5,000,000,000 coming in in connection with this bill, making \$19,500,000,000—or, if my figures are correct, an over-all total for the period of \$135,500,000,000.

Now, I wonder if someone could give us, either on the record or off the record—I assume off—what percentage of the Army's share of that total, which is \$41,800,000,000 to date, if my figures are correct, has actually been expended, how much has been allocated, and when you expect to receive the finished goods which that sum represents?

General MOORE. Yes, sir. We will supply that; I cannot give it now.

ABSORPTION OF PROGRAM BY INDUSTRY

Mr. WIGGLESWORTH. Secondly, you read us a paragraph from a letter from Mr. Nelson, as the head of the War Production Board, in which it was stated, I think, if I heard it correctly, it was estimated that the sum requested for the War Department could be absorbed in the time desired. I assume that means absorbed over and above taking into consideration all of these other appropriations for the Army, lend-lease, and so forth.

General MOORE. Yes, sir.

Mr. WIGGLESWORTH. What is meant by the word "absorbed"?

General MOORE. Absorbed by industry.

Mr. WIGGLESWORTH. But what is meant by the word "absorbed"? Of course, you can accept orders to an indefinite extent, but what does "absorb" mean in that connection?

General MOORE. They mean they can actually produce it.

Mr. WIGGLESWORTH. That that total would actually go into the works and come out by the time desired.

General MOORE. That is his opinion, expressed in writing here.

Mr. WIGGLESWORTH. And you are sure that is what he meant when he used the word "absorbed"?

General MOORE. Yes, sir.

Mr. WIGGLESWORTH. Because I do not know whether he is coming up here. Is somebody coming up here from the War Production Board, Mr. Chairman?

The CHAIRMAN. No; Under Secretary Patterson and General Knudsen will be here.

Mr. WIGGLESWORTH. It seems to me vital from our standpoint to be advised on that point.

General MOORE. I agree with you; I think it is, too.

LEND-LEASE ALLOCATIONS

Mr. WIGGLESWORTH. Another question, either off or on the record. Is it fair to assume that about 50 percent of the total for lend-lease has gone or is going under present plans to other countries?

(Discussion off the record.)

Mr. WIGGLESWORTH. Can you furnish us, either for the record or off the record, how much of the total has in fact gone to lend-lease nations and how much has been retained for our own purposes?

General AURAND. I can furnish you the total that has gone to lend-lease to date, off the record.

DONATIONS FOR BOMBER TO HELP GENERAL MACARTHUR

Did the War Department have anything to do with this recent petition that has been going around to raise funds for a bomber to help General MacArthur?

General MOORE. No, sir.

Mr. WIGGLESWORTH. That was not done with your recommendation or approval?

General MOORE. No, sir. If we could get bombers to him we would send him plenty.

Mr. WIGGLESWORTH. I am glad to hear that. That is all.

Mr. WOODRUM. The general statement was made in the press, I am confident, that that program was with the approval of the Army Air Force. I think you have a letter there from somebody; you have a letter there from General Arnold, if I am not mistaken?

General MOORE. I did not understand the question that way. It might have been with our consent, but we did not initiate it. We might have said it was all right, if they wanted to do it.

Mr. WIGGLESWORTH. My question was, Was it with your recommendation or approval?

General MOORE. I think it was with our approval.

Mr. CASE. Was there not in that same press story the statement that this did not mean necessarily that a particular bomber would be shipped to General MacArthur, but they would buy a bomber and whatever would be shipped would be out of the stock of the War Department?

Mr. WOODRUM. That is right.

Mr. WIGGLESWORTH. I just want to say I felt sure if we had a bomber and could get it there, the War Department would get it there.

General MOORE. We would have had a lot of them there by this time, if we could get them there.

Mr. WIGGLESWORTH. I am, personally getting weary of seeing the public misled or deceived, if you will, by what seem to me unjustified representations. If you needed a bomber, you could get it up here; you do not have to go out and raise funds from the poor people in the City of Washington for that purpose.

General MOORE. No.

REDUCTIONS EFFECTED BY BUDGET BUREAU IN ESTIMATES

(See p. 14)

Mr. POWERS. General Moore, in response to a question that I propounded a few moments ago, about the Budget and the cuts that the War Department had taken from the Budget, you responded that until 18 months ago that was a fact. Now, I would like to have a table starting with and including the fiscal year 1934 and ending with and including the fiscal year 1941 of all War Department requests to the Budget, giving merely the totals, and what the Budget allowed and sent to us in the form of a fiscal year War Department appropriation bill.

Mr. STARNES. Let that go back to 1921, Mr. Chairman.

The CHAIRMAN. Without objection, the data will be submitted from 1921 on.

Mr. POWERS. From 1921 to 1941.

(After discussion off the record:)

The CHAIRMAN. The tabulation will be supplied for the use of the committee and not for publication.

INTERCHANGE OF APPROPRIATIONS

(See pp. 8, 11, 13, 23)

Mr. ENGEL. Coming back to this question of interchange of funds within the Engineer Corps and the Quartermaster Corps, do you expect to interchange funds—one appropriation, of course, in the field; that is obvious—

General MOORE. Yes.

Mr. ENGEL. And in this country, too?

General MOORE. Yes.

Mr. ENGEL. Now, if that authority is given you, we will get a statement showing the complete picture of just what the money was spent for after it is spent—just as complete as we would before; is that right?

General MOORE. Yes, sir.

Mr. ENGEL. In other words, when the thing is all over, we could point to it and say, "We spent so much"—I mean within reason—"so much for this, so much for that, and so much for the other"?

General MOORE. Yes, sir.

Mr. ENGEL. I realize, of course, that when you get over into the theater of operations you cannot account.

Mr. CASE. General, there has been some discussion about the requests and the Budget estimates and the appropriations. In the years immediately following 1921 was there a use of some of the World War stocks for a few years?

General MOORE. Yes, sir; quite a bit.

Mr. CASE. So we were tapering off and using war stocks for some time?

General MOORE. Yes, sir.

ALLOCATION OF DEFENSE-AID MATÉRIEL

Mr. CASE. Where is Harry Hopkins in the set-up for determining the distribution of this material and equipment?

General MOORE. He is the chairman of the Munitions Assignments Board. But that Board makes recommendations to the Chiefs of Staff's committee—General Marshall, Admiral Stark, the British member, Sir John Dill, and the other members of the Chief of Staff's committee.

Mr. CASE. Who has the final say?

General MOORE. The President.

EQUIPMENT FOR OUTLYING BASES

Mr. CASE. Is there any way in which this committee and the Congress can be assured that there is such a distribution of this equipment and material that our outlying bases will have enough equipment and airplanes and ammunition adequately to arm them?

General MOORE. You can be assured of that; yes.

(Discussion off the record.)

Mr. CASE. In the speech of the Prime Minister to the Congress he made the statement that if the United States had been found at a disadvantage in certain places in the Pacific it was because of the flow of equipment that we had sent to the British Isles and for the Battle of the Atlantic, which he said had profited thereby. But certainly we have a responsibility to see that the troops that we are sending out to outlying bases will have both ammunition and airplanes sufficient to give them a reasonable chance of survival.

General MOORE. We certainly have that responsibility.

EQUIPMENT FOR TRAINING TROOPS

Mr. CASE. Further, on this distribution of material and equipment, will the Allocations Committee be able to guarantee that there will be adequate equipment for the training of these men that it is proposed to put in training before the end of the calendar year 1942?

General MOORE. No, sir. Personally I cannot guarantee it. Much depends upon what you call adequate equipment. We do not intend to bring men into the service until they have a sufficient amount of equipment for training.

Mr. CASE. During the past 18 months there have been times when a great many members of Congress have made statements on the floor that they have visited some of the training camps and that they were not adequately equipped for training.

General MOORE. That depends upon the viewpoint of the commanders. That may be the opinion of the officer out there in the field. However, General McNair, who has been in charge of training, has made the statement on several occasions that they did have adequate equipment for training.

Mr. CASE. The result has been that there has been a conviction in certain quarters that some of these men might better have been set to making guns and ammunition than out there playing soldier.

General MOORE. I would not agree with that statement.

Mr. CASE. I am not saying that that is my conviction, but I am asking if you think that we will have adequate equipment. Otherwise we had better keep these people in industry rather than put them in camps.

General MOORE. We are not ordering men to camps until we have a certain minimum amount of equipment necessary for training. Now what one officer might consider ample equipment for training another officer will think is entirely inadequate. That is largely a question of opinion. The man on the ground invariably demands his full allotment of equipment. That's human nature.

Mr. CASE. General, can you give the men practice in shooting if they have not got guns to shoot with?

General MOORE. No; you cannot do that. Let me call attention to the fact, however, that replacement training centers are all equipped, and we are endeavoring to send every man through a replacement training center before he gets to his unit. At every one of these replacement training centers they have enough equipment so that every man will have some target practice.

Mr. CASE. Let me add one comment to what I have said. I am just as eager as anyone to have us do something offensively, but I sincerely hope that War Department does not feel that there is such an urge that they have got to spread out to the point where we are not able to strike, strike hard and hold what we take.

General MOORE. You can rest assured, from my knowledge, that the Chief of Staff is well aware of the dangers of such overextension.

Mr. TABER. General, is anyone else producing anything at all besides what our war outfits are producing, for this war effort?

General MOORE. You mean the British?

Mr. TABER. British, Australians, Canadians, or any of the rest.

General MOORE. Yes, sir. The British, Australians, and Canadians are producing, and we have a complete list of the items that they are producing, their rate of production, and the stocks they have on hand. We are pooling the efforts of both ourselves and the British Empire.

Mr. TABER. To what extent have your recommendations been overruled by this Allocations Board and the President in sending stuff out of the country?

General MOORE. I do not think they have been overruled in any case up to the present time.

AIR CORPS EQUIPMENT

Mr. TABER. How about the present status of the Air Corps? Are they provided at the present time with what planes are needed for their training and for their operations when they are in the field?

General MOORE. I would not like to answer that for General Arnold. I do not know, sir. I would have to secure the data from the Air Corps.

TRAINING OF ENLISTED MEN

Mr. TABER. To what extent are our men trained so that they are ready to go, or are most of them, or 50 percent of them, still untrained?

General MOORE. No; I think the men who have been sent overseas are all trained men.

Mr. TABER. What about the rest of them that are here?

General MOORE. The greater part of them will be sent through a period of training in the replacement training centers before they join their unit. After this training period they go to the unit and are trained further. A careful record is kept of the amount of training each division has had—in maneuvers, and in various other types of training; and no division has been sent overseas which has not had sufficient training. In some cases men are sent directly to training units, where they are given training comparable to that in replacement training centers.

INTERCHANGE OF APPROPRIATIONS

(See pp. 8, 11, 13, 20)

Mr. TABER. Now, you have here this provision for a 25-percent interchange. Does that mean that you do not know enough about the estimates that are being brought up here now so that the figures can be more definite, and so that you can get along with a smaller interchange figure?

General MOORE. We have prepared these estimates in the same manner and as accurately as the other estimates which we presented. However, the war emergencies are such that we do not know what is going to happen from one day to another.

Mr. TABER. On these larger items you do not need any 25-percent interchange under those circumstances, that is, as between Ordnance, Signal Corps, and all that sort of thing; do you?

General MOORE. No; it applies primarily to the smaller appropriations.

Mr. TABER. What about clothing and equipage?

General SOMERVELL. We certainly might need it on that, sir.

Mr. TABER. There is a big item here for Army transportation.

General SOMERVELL. And that is something that would be particularly susceptible to being increased.

(Discussion off the record).

Colonel HELMICK. Mr. Taber, this item for transportation pertains to the equipment in this program. It is definitely tied down to the delivery of the equipment set up in this program.

Mr. TABER. And a large part of that is lease-lend; is that right?

Colonel HELMICK. It applies also to the lend-lease equipment.

Mr. TABER. Probably half of it applies to lease-lend?

Colonel HELMICK. Yes, sir.

Mr. TABER. So far as the equipment goes?

Colonel HELMICK. Yes, sir.

Mr. TABER. To what extent are we sending lease-lend items to places where the situation is such that they can do no good?

General MOORE. No place.

Mr. TABER. Are you pretty sure about that? Did you take that into consideration?

General MOORE. Yes, sir.

Mr. TABER. Now, when these things that are in here are delivered, will there be enough retained for our own services, so that we will have enough to equip all of our own troops so that they will be of service?

General MOORE. It depends on the time objective.

[Discussion off the record.]

Mr. TABER. Do these estimates call for throwing in new facilities for production to any extent?

General MOORE. Yes, sir.

Mr. TABER. In order to produce the things that you have set up here?

General MOORE. New facilities are principally for production in 1943; to some extent they will make themselves felt this year.

Mr. TABER. The ordnance and most of these other things are entirely to go into the facilities that are already available, or practically entirely?

General AURAND. With the exception of some expansion of existing facilities which can be accomplished by increasing the daily output. Some new facilities can be brought into production in 1942; but if you start from grass roots, it is hardly possible to bring in the facilities this year. I think the Under Secretary will have more information on that this afternoon.

DEFENSE AID ALLOCATIONS

Mr. TABER. Would it be improper to ask for a break-down for each item as to what is lease-lend and what is something else? I wish you would give us that for the committee, anyway.

General MOORE. Would it be all right in that form? [Submitting statement showing break-down by appropriation title.]

Mr. LUDLOW. Mr. Taber, I understand General Aurand is to be here on lease-lend.

Mr. TABER. Well, they have this table here. I wonder if we could not have that table in the record, if it does not do any damage.

General MOORE. I believe it should not go in the record.

Mr. TABER. All right. Then will you leave a copy of this here with the committee?

General MOORE. Yes, sir.

Mr. TABER. Would it be proper to put in the items involved that go to lease-lend, by items?

General AURAND. The only point about this, Mr. Taber, is that we are trying to make one procurement program by getting one appropriation, and really to say that a certain thing is for lease-lend or not for lease-lend at this time is impossible. The Munitions Assignments Committee, of which Mr. Hopkins is the head, will assign this material when it is produced, and about all you can say for these amounts, as to their being lease-lend, is that they are beyond the troop basis for United States equipment and represent actual requirements to be procured by the War Department, for the various associated countries.

They are really not earmarked as between the United States and defense aid in these appropriations. They are in a consolidated list.

Mr. TABER. Does Mr. Hopkins really have the say about what shall go to these countries?

General AURAND. No, sir.

General MOORE. It is the Committee.

General AURAND. The amounts represent the result of a meeting of the Munitions Assignment Board. That Board is a creature of the Chief of Staff's Committee, and makes recommendations to the Chief of Staff's Committee. In the few instances in which that Board has acted, the recommendations of this Board were sent to the combined Chiefs of Staff Committee.

Mr. WIGGLESWORTH. You do not mean that this entire \$23,000,-000,000 could be used for lease-lend purposes?

General AURAND. Yes, sir; if the war requires it, it might well be done.

Mr. WIGGLESWORTH. What is the use of justifying before this committee certain sums for specific departments and items in the War Department, if really all you are asking for is a big reserve pool that you can use in any way you want to?

General AURAND. I think it was the desire to show you how these estimates were built up. Am I right on that, General Somervell?

General SOMERVELL. Yes; and not only that, but the point that General Aurand makes is that the estimates were set up to provide for items of equipment and supplies as shown in the estimates, but that there is nothing irrevocable about those, and they will go into a pot which will be available for allocation where the military situation demands.

Mr. LUDLOW. General Moore, have you anything that you would like to add to your statement?

General MOORE. I think not; no, sir.

Mr. LUDLOW. Thank you very much.

WEDNESDAY, FEBRUARY 11, 1942.

EXPEDITING PRODUCTION

STATEMENTS OF HON. ROBERT P. PATTERSON, UNDER SECRETARY OF WAR, AND LT. GEN. WILLIAM S. KNUDSEN, DIRECTOR OF WAR DEPARTMENT PRODUCTION, ACCOMPANIED BY COL. G. K. HEISS, OFFICE OF UNDER SECRETARY OF WAR, AND COL. A. M. HERITAGE, CHEMICAL WARFARE SERVICE

The CHAIRMAN. Mr. Secretary, we have before us a supplemental estimate of \$3,011,512,000 for expediting production. That just about duplicates the amount that has been appropriated under this heading since we started the enlargement of the Army.

Can you give us a statement about that?

Mr. PATTERSON. I have a short statement I would like to present which covers the measure in general and gives special consideration to new funds for expediting production.

The CHAIRMAN. You may proceed.

Mr. PATTERSON, Mr. Chairman, I am appearing before your committee in connection with the supplemental estimates submitted by the War Department which the committee now has under consideration. I understand that General Moore, the Deputy Chief of Staff for Supply, has preceded me, and in his testimony has covered the objectives of the estimates and the general factors upon which they are based.

Coordinated studies are now being conducted in the War Department to formulate a statement of the all-out equipment objectives of the ground forces of the Army and articles common to the ground forces and the Air Force, to include defense aid requirements of standard types, and munitions procured by the War Department for the Navy. The basis for this study is the war ammunitions program to meet the President's objective. The program will be based on maximum production expectations. These studies have not been completed but they have progressed to the point where we know that certain equipment and ammunition may be classified as "firm requirements." We are now asking for funds to finance the procurement of these firm requirements.

The estimates as submitted total in excess of \$22,800,000,000 for the following purposes:

- (a) Expediting production, approximately \$3,100,000,000.
- (b) Quartermaster service for the Army, \$3,400,000,000.
- (c) Signal Corps, \$1,500,000,000.
- (d) Air Corps, about \$168,000,000.
- (e) Medical Department, \$170,000,000 for hospital and organization equipment and supplies.
- (f) Corps of Engineers, \$1,225,000,000 for the procurement of engineer equipment.
- (g) Ordnance, service, and supplies, \$13,252,000,000.
- (h) Chemical Warfare Service, \$290,000,000 for Chemical Warfare equipment and supplies.

The reference is to the program which the President submitted to Congress early in January.

It is my opinion, which is concurred in by General Knudsen and by Mr. Nelson, Chairman of the War Production Board, that practically all of the materials covered by these estimates can be produced this year with the exception of the ordnance items. A large percentage of the ordnance equipment can likewise be produced within that time limit. The remainder will be produced during the first half of 1943. In order to get this production of ordnance equipment, it will be necessary that funds be available and firm commitments made in the immediate future.

We have requested a total of \$3,011,512,000 under the heading "Expediting production of equipment and supplies for national defense." These funds are needed to provide the additional productive capacity required if we are to meet the President's program. Further, it is my opinion that the expansion contemplated will be sufficient to produce the munitions for the entire war munitions program. Naturally changes in type of warfare necessitate changes in type and quantities of the equipment needed therefor. Future changes in the type of warfare and the development of new weapons may necessitate the creation of some additional productive capacity over and above

that now contemplated. However, we do not now visualize another major facilities program on top of this one.

This new productive capacity will, wherever possible, be created by the conversion of capacity now existing in the country. Only if necessary will we construct new plants.

In conclusion, I wish to reiterate that the estimates now before you are based on the objectives established by the President during the early part of January. If we are to meet the objective laid down, it will be necessary that the additional productive capacity be created as rapidly as possible and that the funds asked for be made available without delay.

General Knudsen, Director of Production of the War Department is with me. We will be pleased to answer any questions which you or the members of your committee may have.

TOOLS FOR DEFENSE AID

I will say, as to the lend-lease tools, that those have heretofore been included in the lend-lease appropriations and allocated by the Lend-Lease Administrator to the War Department for actual procurement. They are now included directly in the War Department appropriations.

INDIRECT APPROPRIATIONS FOR EXPEDITING PRODUCTION

The CHAIRMAN. Before we take up consideration of the details, to what extent have your appropriations for expediting production been augmented by funds of the Defense Plant Corporation, either for new plants or the extension of plants?

Mr. PATTERSON. You mean defense plants?

The CHAIRMAN. Yes.

Mr. PATTERSON. I have some figures on that. In connection with the projects in which the War Department is interested, I am informed by Colonel Heiss that the total is now a little under \$1,000,000,000.

The CHAIRMAN. That has added about what percentage to your productive capacity?

Mr. PATTERSON. That is very hard to say. The bulk of D. P. C. expansions have been in connection with those projects in which it has been figured that there might be commercial or industrial possibilities for ordinary civilian demand after the emergency.

The CHAIRMAN. You expect that to be about maintained, or increased or decreased?

Mr. PATTERSON. Well, it ought to go down, in my opinion. I think myself the time will arrive when we will have a saturation of those plants for which there will be ordinary consumer demands afterward.

The Defense Plant Corporation has been, however, a very flexible instrument for us, and we have availed ourselves of its facilities to quite an extent.

BASES FOR ESTIMATE

The CHAIRMAN. I note that you say in your general statement that—

The basis for this study is the war munitions program to meet the President's objective. The program will be based on maximum production expectations.

On what is your estimate based? Is it based on a canvas of production facilities, based upon a detailed study, or is it based upon estimates, largely of contingencies?

Mr. PATTERSON. A great deal of study was put in on production possibilities by my office and by the War Production Board during December and January. We believe, from the studies that have been made, that we can produce the goods and equipment covered in these requests with some qualification.

The CHAIRMAN. What will be your policy with respect to the provision of production facilities? Will you establish new plants or expand existing plants?

Mr. PATTERSON. We will have to establish some new plants. But we will, so far as we can possibly do it, use existing structures.

MACHINE TOOLS

The CHAIRMAN. There will be no difficulty in securing machine tools without overtaxing present facilities?

General KNUDSEN. No; but I think we should be honest about it and say that we could use every tool we could get for our output in the United States.

Mr. PATTERSON. We hope to have a very substantial machine tool output this year. It will be quite a large step-up over 1941.

Mr. SNYDER. You referred to what you said you considered to be firm requirements. What do you mean by that?

Mr. PATTERSON. The ones we are sure of. As I say, the studies are now going on for equipment for the all-out effort, and they have already come to a point where we know what some are, and we say those are firm.

POOLING FACILITIES OF SMALL PLANTS FOR PRODUCTION

Mr. SNYDER. In connection with production, Mr. Secretary, it seems to me we will have to do something in certain centers, when we need equipment, that can be produced in certain centers which do not have any orders now. I have in mind an automobile group in a city of about 50,000 population. They have pooled all their facilities, and they have wonderful facilities. They have pooled their mechanics and most of the mechanics are above 45 years of age, and they think they could produce something there, where they have their homes, which would be worth while in the defense effort, giving the Government the use of their facilities. They do not want to make any money, but they just want to keep in operation so that they will not go into bankruptcy.

There are a lot of centers like that, where they are willing to give everything they have in order to support workmen who live there so they will not have to go on relief.

I found in England, a number of places where they took cabinet makers more than 45 or 50 years old who did not have anything to do, and they established different places where they made wooden things. I saw one of those plants in operation and they were making those things rather rapidly.

It seems to me we have arrived at a point where we should provide facilities to take care of these different types of workmen, where they

can do that sort of work where they live, because we cannot very well take them, for instance, from Maryland to Indiana.

We should utilize these facilities as much as possible to keep them at work to produce things that we have to have.

Mr. PATTERSON. General Knudsen has just come back from a trip in the field, including three automobile areas, and I would like to have him say a word or two about that.

Mr. SNYDER. I am not referring to producing automobiles, but the production of other things that we very much need.

General KNUDSEN. I visited 37 plants personally in 8 days, and walked through each plant and saw what production they had, what tools they had. I found a very good spirit among all the plants I visited. There was not a single plant where they did not express their willingness to do everything they could for defense.

Mr. SNYDER. I do not think I made myself clear.

General KNUDSEN. I am coming to your point, if you please.

Mr. SNYDER. I am talking about a group handling its product in a big way.

The CHAIRMAN. General Knudsen, you will resume your statement.

Mr. SNYDER. Mr. Chairman, may I restate the question I asked of General Knudsen, which to me is a very important one? We have in a certain town on a certain street that I have in mind, a large automobile establishment. They have been established for 20 or 25 years, and they have all kinds of equipment. There is one establishment equipped to do anything on fenders, another on bodies, and another one can practically make a car. They have all of this tooling and equipment in the shops, and they are willing to shut down three or four of them, or to turn all but one or two of them, into some of the work under your program. In order to do that, as I understand it, they are required to do certain things. Now, can that situation be taken care of so they can be given something to do?

General KNUDSEN. I have been in several thousand of these institutions myself during the 35 years that I have been in the automobile business, and I know about the equipment they have. The only solution for that would be to pool all of the machine tools they have. As a matter of fact, they have very few machine tools. What they have would be mostly motor stands, axle stands, and so forth, where they take units apart and put new parts in. They do not do much machine work. A good many of them have lathes and presses. They could select one man as the leader, and pool their tools, and then apply to the nearest ordnance officer and offer their facilities.

Mr. SNYDER. What do you mean by ordnance office?

General KNUDSEN. We have 14 offices in the United States, where they hand out contracts on behalf of the Ordnance Department.

Mr. SNYDER. I was told yesterday that there was some tendency on the part of the ordnance offices or the State and regional ordnance offices, to give them out to people who already have the equipment.

General KNUDSEN. If he was short of orders, he would have to lay off his men, and there would be nothing to gain by that. For instance, these concerns you are considering would throw a good deal more work into the picture.

Mr. SNYDER. They said they could use twice as many tools and shops as they have.

General KNUDSEN. It would not be the type of equipment that they have in garages. However, as I have said, a pool could be formed for the machine tools they have. Then they could select a board of directors, and call upon the nearest ordnance office to help them. The head of that, Colonel Riddell, is very much interested in the small business end of it, and they have done a great deal of that.

TYPES OF PLANTS CONSTRUCTED AND EXPANDED

Mr. STARNES. Mr. Patterson, what are the types of plants you propose to build? Would you enumerate them again, indicating the types of plants you expect to build or add to in expediting the program?

Mr. PATTERSON. It runs over pretty much the entire list. [Discussion off the record.]

Mr. STARNES. How many new plants do you contemplate building under this program?

Mr. PATTERSON. I do not think I can say.

Mr. STARNES. Are those plants to be built on lands now owned by the Government, or on lands to be acquired by the Government?

Colonel HEISS. Some new plants will go on land now owned by the Government; they will be the expansion of existing plants that we have built with past appropriations. There will undoubtedly be a number, however, going on new land. That is largely because we have them scattered all over the United States. We cannot put all of our eggs in one basket.

Mr. STARNES. What about the location of those plants generally? Will they be within the safety zone, or within the strategic belt that has been outlined?

Colonel HEISS. With one or two exceptions, they will be within the interior strategic area.

Mr. PATTERSON. There are a few cases where the raw material situation rather pins us down in the matter of location.

Mr. STARNES. But, generally speaking, you intend to adhere to that sound reason for locating them in the strategic belt?

Mr. PATTERSON. Yes, sir. But, take, for instance, a TNT plant, and it is advantageous that the TNT plant be located at or near a source of sulphuric acid. In some cases, these are near the seaboard. That more or less fastens us down as to the location for TNT plants, and there are some other things like that.

Mr. STARNES. When you consider raw materials first and transportation next, and, also, the labor reservoir, potential or actual, you will give what you term fair treatment to the various localities in the distribution of these plants?

Mr. PATTERSON. We try very hard to do that, but I think that the distribution of the plants in the past is a fair indication of what we have done along that line. You will recall that in the fall of 1940 there was a belt considerably West of the Mississippi it was thought had been overlooked. Today there are a good many installations in that belt.

Mr. STARNES. What about the southeastern belt, which was also very much overlooked?

Mr. PATTERSON. The same thing is true down there, and will be true in an increasing degree.

Mr. STARNES. You propose to convert as many plants as can be expeditiously and economically converted to war production?

Mr. PATTERSON. Yes, sir.

Mr. STARNES. I have in mind the automobile industry particularly. Frankly, I think that your program is the most important program of the whole war effort.

Mr. PATTERSON. Unless it is the shipping program.

Mr. STARNES. That is true, because shipping and production will determine the outcome of the fighting.

AVAILABILITY OF PRODUCTIVE MANPOWER

Mr. STARNES. Do you feel that you have sufficient manpower from the standpoint of production?

Mr. PATTERSON. Between men going into the Army and men to be used in industry to equip the Army, there will be a strain on manpower.

Mr. STARNES. What about the question of providing training for the men to work in your program?

Mr. PATTERSON. That is largely the function of the War Production Board. They have a labor training program there under Colonel McSherry. He is an Army officer on duty with the War Production Board.

Mr. STARNES. Can you give us an outline of that program, showing how it operates?

Mr. PATTERSON. I think it is this way, although Colonel McSherry can give you the details: They have an industry in-training program, which is conducted, as I understand it, in connection with the manufacturing plant itself. Then they have a vocational-training program for the younger men who are still in school.

Mr. STARNES. Do they handle that through vocational schools and colleges, and, also, through the N. Y. A.?

Mr. PATTERSON. Through high schools, and so forth.

Mr. STARNES. Through training schools?

Mr. PATTERSON. Yes, sir. Then they have in industry what they call an up-grading program which is supposed to furnish supervisors, foreman, and so forth.

Mr. STARNES. Of course, the Air Corps has its own training schools. What about the other branches of the service? Do they have training schools?

Mr. PATTERSON. Yes, sir; but they do not furnish men for the production plants. Those schools train people for their troop units.

Mr. STARNES. For servicing them.

Mr. PATTERSON. Yes, sir; and for maintenance.

Mr. STARNES. Have you made arrangements in this conversion program for a sufficient amount of plant capacity to produce the automobiles or the automotive transportation necessary to transport the workers to their places of work?

Mr. PATTERSON. That will be done; yes, sir.

Mr. STARNES. You have not completely converted the industry over to war production?

Mr. PATTERSON. That is not possible. It is impossible to have a 100-percent conversion.

DEFENSE-AID ALLOCATIONS

Mr. LUDLOW. Judge Patterson, a considerable part of this estimated appropriation goes to produce equipment for our allies. That is based on their requisitions, is it not?

Mr. PATTERSON. Yes, sir; except that in this early stage they have not got geared to formally requisitioning all of their needs, but they give us an estimate of what they think their requisitions will be.

Mr. LUDLOW. About what percentage of this would represent their requisitions, or about what requisitions would be made under this bill?

Mr. PATTERSON. You mean a comparison between our own requirements and their estimated requirements?

Mr. LUDLOW. I visualize a large volume of requisitions by our allies, and I would like to know about what percentage of those requisitions will be taken care of.

General AURAND. About 50 percent of the total value of the program.

Mr. LUDLOW. I have one other question: Are there any strikes that are impeding the war production program?

Mr. PATTERSON. No, sir; none since the outbreak of the war. The only things we have had to iron out have been local problems in some plants about wages, hours, and so forth.

Mr. LUDLOW. Do you see any clouds in the sky now, or any indications of labor disturbances?

Mr. PATTERSON. No, sir; not in the way of strikes.

Mr. O'NEAL. Judge Patterson, the spreading of this business all over the country necessarily means a considerable increase in cost. The spreading of business or dividing it up, probably means that costs have been considerably increased.

Mr. PATTERSON. There is no doubt at all that there is an element of increased cost where you try to put in a medium-sized manufacturing plant work that they are not familiar with. That is true.

EXAMINATION OF COSTS

Mr. O'NEAL. In reading over the estimates here, I have come across a great many items where it seems to me that the costs are pretty high. In that connection, I would like to ask if there is any bureau set up in the War Department for the purpose of constantly reviewing the costs to see if any of them could be trimmed, or whether a more advantageous price could be obtained.

Mr. PATTERSON. I do not know of any over-all review except that of the Supply Arms and Services. They are supposed to watch that. When they come down to my office with any large contract, the prices are examined, not by a Board, but by the officers who regularly pass on contracts in my office.

Mr. O'NEAL. Many of the items, although conditions have changed, seem to be much higher than even the recent increased cost of things would justify, and I hope that some study will be made looking to the aftermath of this, so as to enable them to put their fingers upon items of cost, so as to determine why we have to pay so much for them. I think that some current study should be made in the way of reviewing these prices. For Mr. Starnes' benefit, I will say I read an advertisement the other day in a paper signed "Lonesome", wanting to correspond with an attractive young lady with four new tires.

CIVILIAN PILOT TRAINING

Mr. RABAUT. Judge Patterson, I read in the paper the other day a statement about new schools to be established for the training of pilots: How much consideration is going to be given to the C. P. T. program for the training of new pilots?

Mr. PATTERSON. I understand that they are to exact a pledge from their pupils or students that they will hold themselves in readiness for Army and Navy recruiting. At the present time even those in the secondary course in the C. A. A. program, can enter directly, I think, into the Army Air Corps course. They do not have to go through the primary course.

Mr. RABAUT. When they take this secondary course—I do not know the technical name for it—

Mr. PATTERSON (interposing). There is the basic or the secondary course.

Mr. RABAUT. There are some they are taking in now. As I understand it, they are taking men who have had training in the C. P. T. and bringing them into the Army. This is a matter that comes before my committee in connection with the Department of Commerce Appropriation bill. A year ago we had before our committee some representative of the Army. That was because of the fact that the Army was giving no credit at all to the C. P. T. graduates, whereas the Navy was giving them credit for 36 hours flying. I understand that there is some kind of agreement being drawn up between the C. P. T. and the Army for the development of pilots, or for the use of certain students that are developed under the C. P. T. program. What I want to know is to what extent will they be used. Will they be taken over to any marked degree, or will their use be somewhat curtailed as in the past?

Mr. PATTERSON. The course of last year has been modified quite a bit. The Air Corps have relaxed their requirements, which had been much more rigid. They have been working much more closely with the C. P. T. people than before. It is my understanding, as you stated a few moments ago, that they have previously given no credit for the time put in with the C. P. T. program.

Mr. RABAUT. Do you think that you will be using a greater number of pilots or graduates from their course in the future than you have in the past?

Mr. PATTERSON. Yes, sir.

Mr. RABAUT. The requirements now are not the same.

Mr. PATTERSON. No, sir.

Mr. RABAUT. You have relaxed your own requirements somewhat, bringing them closer together?

Mr. PATTERSON. Yes, sir. Moreover, we did not then have a pledge from C. P. T. students that they would go into the Army or Navy. They said they would consider it.

Mr. RABAUT. There is a much closer relationship between them now than formerly?

Mr. PATTERSON. Yes, sir; our need for pilots is very great, and we will take suitable candidates wherever we can find them.

Mr. RABAUT. In 1940 they had about \$36,000,000. They were cut last year by the Budget to \$18,000,000, but the committee raised it to \$25,000,000. I understand that the money was impounded for a

part of the year, but that it has been released so they are now using it. So I am encouraged to think that it is being continued, because they do the work at a much cheaper rate. They carry it on in every section of the country. They have it in practically every county among the schools and are conducting the work at full capacity. They have their own equipment with primary fields, and small training planes. They give the preliminary training at a very low price.

Mr. TABER. Do they give the same type of training?

Mr. PATTERSON. No, sir; heretofore it has not been. It is not as intensive training as the Army course requires. The Army course is intensive and requires ten weeks. That is for the elementary or primary course. The C. P. T. training is not as intensive as that, it is given on a part-time basis over a much longer period.

Mr. TABER. How many of these people have voluntarily gone into the Army Air Corps?

Mr. PATTERSON. Up to the present time the agreement or understanding was rather loose. At the time the students took the C. A. A. training, the understanding was that they would consider going into the Navy or the Army. Of course, we did not have an enforceable claim on the C. A. A. graduates.

Mr. TABER. Does it amount to anything now?

Mr. PATTERSON. I think it is an absolute pledge now.

Mr. TABER. Do many of them really go into the Army or the Navy, or would it be about 100 out of 10,000?

Mr. PATTERSON. The bulk of our pilots do not come from the C. A. A. The great bulk of them take the Army elementary course.

Mr. TABER. They are supposed to train 30,000, and I was wondering how many of their graduates entered the Army or the Navy. Would it be too much bother to ask you to get a memorandum from the Air Corps covering that?

The CHAIRMAN. We will have the Air Corps here this afternoon. We can then find out how many graduates they have from those courses entering the Army.

Mr. PATTERSON. Yes, sir; they can furnish that.

Mr. RABAUT. The only reason I had for bringing it up was the fact that it is so much more available to the boys. It is spread out over every part of the Nation, and a boy who knows something about a plane has a great advantage over the boy who knows nothing about a plane. You might find some cases among those boys who but for that training would not be available to you. I understand further that boys who will take this course will be given some sort of deferment in the draft. There is no use piling up planes if we do not have the personnel to operate them. One of the big advantages the Americans had during the World War was that almost every American soldier could drive a truck. They could not do that in England, because there you must have a chauffeur. They will not allow the boy who washes the car to drive it around in front of the residence.

MAINTENANCE OF PROPER COST LEVELS

Mr. MAHON. A few moments ago, Mr. O'Neal referred to the sudden demand by the War Department for material, and the fact that you were paying a greater amount per unit as your work progresses. I am sure that the country has complete confidence in your

desire to solve this problem, and we feel that you will try to spend the money wisely. Of course, it is a bad thing to waste money. It is bad when things occur that are carried by the Evening Star in headlines of "Untold millions in war profits laid to brokers," and things of that kind that we are constantly confronted with. Is there any concerted effort on the part of the officials of the War Department to prevent the Government from being hijacked by some industries in the production of material?

Mr. PATTERSON. Yes, sir; of course, we have some increased costs due to the increased cost of raw materials and the increased cost of labor. Whatever the brokers get must come out of the Government, and comes out of the taxpayers in the long run. For the past year and a half we have done our best to cope with that problem, but the ingenuity of mankind is infinite.

Mr. MAHON. It seems to me that somebody in the War Department should give very constant and effective attention to that.

Mr. PATTERSON. We try to do it by general rules applicable to all of the purchases made by the supply arms and services; we also follow up with investigations by the Inspector General in specific cases, any specific case we can find. We are grateful to have any cases that are known to any Members of Congress or, for that matter, to the general public, brought to our notice.

CONSUMMATION OF PRODUCTION PROGRAM

Mr. WIGGLESWORTH. I would like to ask General Knudsen, in view of his previous service with O. P. M., the question I asked this morning, which is this: According to the figures I have, since July 1, 1940, we have appropriated for the War Department alone about \$41,700,000,000. The sum here, if approved, would bring the total up to something well over \$64,000,000,000 and that, of course, is on top of enormous appropriations we have made for the Navy and for other defense agencies, and for lend-lease, which would probably about double the total.

Now, do I understand it is the definite opinion of the Department and of General Knudsen that all of the money that has been made available to the War Department, with the certain exception, which I think you mentioned the last time, that Secretary Patterson has referred to, will be spent and converted into finished goods within the specified time?

General KNUDSEN. Yes. With certain exceptions.

Mr. WIGGLESWORTH. Taking into consideration the needs of the Navy and the other defense agencies and the lend-lease requirements?

General KNUDSEN. Yes.

Mr. WIGGLESWORTH. When will construction or conversion of the facilities we are talking about here in this particular item be completed?

General KNUDSEN. The majority ought to be finished between now and the planned time of completion.

Mr. WIGGLESWORTH. But they will actually be completed in that time?

General KNUDSEN. Yes, sir.

WAR PRODUCTION BOARD TRAINEES

Mr. WIGGLESWORTH. Now, Mr. Secretary, you spoke about the training program of the War Production Board. Is that a distinct training program from the training program carried on by the Board of Education, the N. Y. A., the W. P. A., or does it operate through them, or what is the situation?

Mr. PATTERSON. I think the program conducted by the War Production Board includes those; it also includes a good many others, like training in industry, and so on. I think Colonel McSherry is the man who is supposed to run all of those and coordinate them.

General KNUDSEN. I can tell you this, that in all of the mechanical shops I visited, I have found two men on every machine, one a leader and the other a learner.

Mr. WIGGLESWORTH. But you do not know whether those are War Production Board students, Dr. Studebaker's students, N. Y. A. students, or who?

General KNUDSEN. No; they might have started there and drifted into the shops. You understand the real training of a man starts when he gets a job in a shop.

Mr. PATTERSON. I do not think the War Production Board itself operates any program; it is supposed to coordinate the programs of industry, N. Y. A., and so on.

General KNUDSEN. The so-called preliminary training in industry that Mr. Hillman carried along for the last year or so has been handled with the cooperation of industry, and the teachers and help have been furnished gratis.

CHANGE IN LEND-LEASE PROCEDURE

Mr. WIGGLESWORTH. On the question of lend-lease appropriations, there seems to be a little difference of policy in the bill before us now, in that according to the information we were given this morning there are certain items, certain critical and essential items—

The CHAIRMAN. Might I suggest, Mr. Wigglesworth, that General Aurand will be on the stand next and will discuss the lend-lease items in the bill, and perhaps you would prefer to have him answer those questions.

Mr. PATTERSON. Heretofore—down until November, at any rate—the lend-lease needs were carried in separate lend-lease appropriation bills. Now, so far as they relate to military weapons, machine tools for production of military weapons, and so forth, they are direct appropriations to the War Department and do not have to clear through lend-lease at all.

Mr. WIGGLESWORTH. Over and above that, I understand, there is \$5,000,000,000 for lend-lease requirements?

Colonel HELMICK. That is, lend-lease requirements outside of the War Department. It was processed through the Bureau of the Budget and added, to this bill; but it is entirely outside of the War Department's estimates. That is, the Lend-Lease Administration's estimates of items outside of the War Department estimate, sir.

Mr. TABER. The lend-lease, then, that is a total of \$5,500,000,000, will come from the Agricultural Department, the Maritime Commission, and so on?

Colonel HELMICK. From the Treasury Department and others.

Mr. WIGGLESWORTH. So that there is really a great deal more than the \$5,000,000,000 in this bill that we are considering for lend-lease purposes?

Colonel HELMICK. Yes, sir. The \$12,000,000,000 for lend-lease in this bill is the War Department's requirements.

Mr. WIGGLESWORTH. To which will be added \$5,000,000,000 that is to come through other departments?

Colonel HELMICK. The other departments handle \$5,000,000,000.

Mr. WIGGLESWORTH. Is the War Department satisfied that the allied nations are making the maximum effort in terms of production to which we are adding this lend-lease help?

Mr. PATTERSON. Yes.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

RELAXATION OF CHILD-LABOR LAW

Mr. CASE. With reference to the labor problem, has there been any suggestion made that the President, under his war powers, exercise the right, if he has the right, or if not, if such powers should be given him, to relax the child-labor law so as to permit children from 10 to 16 years of age to work in seasonal activities on farms, such as cranberry picking, or in the sugarbeet fields and things of that sort?

Mr. PATTERSON. I do not know, Mr. Case.

Mr. CASE. That has been brought to my attention, that there is a seasonal agricultural demand which, until recently, children did do those things and that they might, for the duration of the war, do them now and relieve the demand that would otherwise come for labor to be taken from industry.

Mr. PATTERSON. Any such recommendation to the President would have to come from some other source than the War Department. It would not be within our scope.

DEVELOPMENT OF DOMESTIC TIN RESOURCES

Mr. CASE. Then there is the question about raw materials. Would you say the tin situation was such that a new production in this country, domestic production, of as much as a ton or a ton and a half of new tin would be of interest in the present situation?

General KNUDSEN. Surely.

Mr. CASE. Or 500 tons a year, say?

General KNUDSEN. Surely.

Mr. CASE. Well, in the Black Hills area, for instance, there has been tin produced; but, at the present time, there seems to be a bottleneck and nobody is willing to offer them any premium price, or anything, to get them to go out and get the tin.

General KNUDSEN. It all depends on what the price will be.

Mr. CASE. Tin was about 65 cents a pound.

General KNUDSEN. About 52 cents.

Mr. CASE. It is about 52 cents now, but it was up to 65 cents. There is a ceiling now at about 52 cents. But I am told there could be about 500 tons of tin produced a year if they could get 80 cents to \$1 a pound, and it would not cost the Government anything if they did not get the tin.

General KNUDSEN. That would be a matter for you to bring to the attention of the Tin Division in the War Production Board.

Mr. CASE. I have done that and they just sit tight.

The same thing was true about tungsten; over a million dollars' worth of tungsten was taken out of this same area during the World War, and there are a good many prospective mines.

General KNUDSEN. That is up to the Raw Materials Division of the War Munitions Board.

Mr. CASE. If raw materials is one of your problems of production and you would give those fellows a nod, I think they would move; but they have done nothing for domestic tin.

Mr. TABER. Mr. Secretary, either you or General Knudsen can answer any of these questions I am going to ask.

What do you anticipate will be the manufacturing capacity over all in this country in this current calendar year?

Mr. PATTERSON. For war production?

Mr. TABER. Over all.

General KNUDSEN. I would rather study that over and give you the answer.

Mr. TABER. You will put it in the record?

General KNUDSEN. I would like to submit it to the committee.

Mr. TABER. I wonder if you could put that same table in that you put in the third supplemental bill and bring it down to date?

General KNUDSEN. Yes, sir. I can furnish it to the committee, but request that it be not published in the record.

Mr. TABER. So that we can have the picture on that?

General KNUDSEN. Yes, sir.

EXPENDITURE PROGRAM

Mr. TABER. Now, our total income some people estimate at \$100,000,000,000: How many billions do you suppose we can actually spend in this calendar year?

General KNUDSEN. Why don't you let us make some forecasts?

Mr. TABER. Well, I would like to see the picture on that if I could, and then the following year—I would like to have you predict into the following year a little bit.

General KNUDSEN. You understand the President's program has put great emphasis on the victory program?

Mr. TABER. I appreciate that, but I want to see if we can get the picture of what it is. Then I would like to have you gentlemen tell us honestly if you think we can meet it; because I do not like to appropriate money just as a matter of hot air to fight the war with appropriations. If we could do it that way, I would be willing to do it, but I do not think we can.

The CHAIRMAN. Let me ask right there: Do you want those figures of the expenditures, or obligations?

Mr. TABER. Well I want these figures of expenditures, because they are coming in for both of these calendar years and they ought to be able to give us a pretty good picture of what we might possibly expect.

The CHAIRMAN. Not necessarily, because you have to have the money before you can spend it.

General KNUDSEN. We will work out a table, and present it to the committee, but I do not believe it should go in the record.

The CHAIRMAN. If agreeable, it will be supplied for the confidential use of the committee.

The CHAIRMAN. Mr. Secretary, is there anything further in this bill which you think should be given special consideration?

Mr. PATTERSON. Not that I know of.

The CHAIRMAN. Have you anything to add, General Knudsen?

General KNUDSEN. No, sir.

The CHAIRMAN. Thank you, gentlemen.

DEFENSE AID

AUTHORIZATION TO PRESIDENT TO TRANSFER DEFENSE MATERIAL

The CHAIRMAN. General Aurand, on page 11 of the bill we have section 102, which proposes that the President may authorize the transfer of any material in this bill. There seems to be no limitation of any kind whatever. Heretofore we have always had a monetary limitation. Does that indicate a change in policy?

General AURAND. Yes, sir; it indicates a change in policy to this extent—that we are not now earmarking this equipment for any particular country when it is purchased. This was taken up in the Bureau of the Budget and discussed there; also with the Lend-Lease Administrator, and all are in accord that this will most effectively implement the prosecution of the war.

Mr. TABER. General, your estimate of what you expect to transfer out of this particular fund is \$12,000,000,000. Now, is it the idea that we will not keep any track of what is to be transferred or anything else? Don't we have any record of it?

General AURAND. I believe that section 102 says that these transfers will be made in accordance with the provisions of the act of March 11, 1941, which requires a report to be made to the Congress of the items actually transferred by the Lend-Lease Administration. We will furnish the Lend Lease Administration with the information as to the transfers in that report.

The CHAIRMAN. You gave us a statement this morning, General, showing how these items are allocated to the various countries.

General AURAND. That is done at the present time by the Munitions Assignment Board, which is a board reporting to the combined Chiefs of Staff.

The CHAIRMAN. I am referring to that allocation that you discussed this morning.

General AURAND. That is from General Moore's testimony.

The CHAIRMAN. Would you mind just briefly outlining that?

[Discussion off the record.]

Mr. TABER. Referring to these items that you got from this lease-lend outfit for other countries, you have got a great lot of money in there.

General AURAND. Yes, sir. That is, it is based on the requirements of the foreign governments.

Mr. TABER. Are they supplying anything at all themselves?

General AURAND. For their own use?

Mr. TABER. Yes.

General AURAND. Yes, sir; in a good many cases.

(After discussion off the record.)

Mr. LUDLOW. General, there is one thing that I would like to have clear in my own mind. This is getting very much intermingled as between our own requirements and lend-lease. Is an accurate, complete, detailed account being kept anywhere in the Government of these lend-lease allotments?

General AURAND. Yes, sir; there is an account being kept both in the War Department and in the Lend-Lease Administration.

Mr. LUDLOW. Is it intended to keep them segregated in the accounting system so that that information will ultimately be available to the American people?

General AURAND. All of those things which are actually transferred; yes, sir.

Mr. RABAUT. But none of the cost of the facilities, then, is being tabulated and being charged up to those things?

General AURAND. Only in those cases where the appropriation has been made in the Lend-Lease Act.

Mr. RABAUT. What percentage, then, of this new activity would you say is different from what we had before, as far as lend-lease is concerned? I mean the general activity. In other words, how much have we assumed that was formerly charged to lend-lease?

General AURAND. I do not quite get your point.

Mr. RABAUT. You are evidently admitting that there is a difference between what there is now and what there was before as far as the bookkeeping is concerned. Now, to what extent, in percentage, would that difference show up in bookkeeping figures?

General AURAND. The articles have been transferred in the past to the foreign countries based upon a fixed price or an estimated cost. The plants that have been built in this country for lend-lease purposes have not been charged to any particular foreign government. They are considered as part of the U. S. plant. Therefore these facilities that are in this bill are not identified as for lend-lease purposes or for U. S. Army purposes, because the product of that plant may be entirely for one or the other. It cannot be foreseen; and as far as we can do so we are covering the cost by this fixed price which is put upon the item when it is transferred to a foreign government.

Mr. RABAUT. Is some part of that cost the cost of the building, and is the cost of the facility included as a part of that cost?

General AURAND. No, sir.

Mr. RABAUT. Is a part of the machinery included in the cost?

General AURAND. No, sir.

Mr. RABAUT. That whole thing, then, is really in our bookkeeping?

General AURAND. It is all in our bookkeeping, and has been all along.

Mr. LUDLOW. This segregated account, then, General, of things that we are giving to these foreign governments does not include all the factors of cost, by far?

General AURAND. I would say that it does not.

Mr. CASE. This unit cost, then, General, does not include any amortization of the production facility?

General AURAND. Not where it is a Government-constructed facility, as I understand it at the moment. Of course, if this is bought from the civilian contractor, it does. If it is bought from a Government-built plant, it does not.

Mr. CASE. Then you have two different unit costs, and you would enter two different costs on your books, depending on whether it was from a Government plant or from a private plant?

General AURAND. No, sir; we only have one cost for these lend-lease transactions.

Mr. LUDLOW. Why could you not have a bookkeeping system that would show all the factors of cost? Would not that be possible?

General AURAND. I would like to refer that to Colonel Moore.

Colonel MOORE. A record is maintained of these separate facilities. A great deal of study has been given to the question of determining just what part of the cost of facilities should be charged to the respective governments. It appears that only after you have determined what the facility cost, and what the entire output in numbers of units is, can you determine the cost of that facility related to the number of units. As soon as the final accounting is made, you can go back and say, "This factory produced 50,000,000 units; we retained 40 percent of them, and 60 percent of them was sent to all of the allied governments." Based on that, you can say that of the cost of that facility, less the value that remains in our hands, each one of them should be charged so much.

The cost of facilities is being kept, but we do not know yet how many units we will get out of any one facility, and until we do we cannot determine the division other than arbitrarily.

Mr. LUDLOW. Ultimately can there be an absolute cost ascertainment that will, at least on a closely estimated basis, give the true cost?

Colonel MOORE. Absolutely; and a cost that would be acceptable to all concerned.

Mr. CASE. As I understand it, you get some of these units from privately owned facilities and some of them from Government facilities?

Colonel MOORE. Yes, sir.

Mr. CASE. Now, if you have to pay privately owned facilities, at least you have a cost unit that should represent some amortization of the capital investment. That is, I assume at least that the private manufacturer has some of his capital investment amortized into the cost of the unit that he delivers.

Colonel MOORE. If the article is procured from our funds from a commercial concern, or from a privately owned plant, the cost we pay plus the transportation and overhead cost is the cost that should be charged to the foreign government. What I previously said relates to production in a Government-owned facility operated by a contractor or the Government.

The CHAIRMAN. There has been, it seems to me, General Aurand, a very material change in the situation since we adopted the first procedure under lend-lease. Before the war, when our own troops were not engaged and not being supplied in foreign battlefields, it was very easy to keep an account of this sort, and it was very essential and necessary that such an account be kept. But now, when our troops are serving under allied commanders on the same field it is impossible to tell from what factory the ordnance comes or from what point of production the ammunition comes, and the difficulties in maintaining such careful bookkeeping as we did formerly present an almost insurmountable situation, as I understand it. It is impossible now

to maintain the same bookkeeping system that we did prior to our entering into the war; is that true?

General AURAND. That is true; yes, sir; and it is for that reason that we have agreed with the representatives of the Lend-Lease Administration to this fixed-price charge on the actual shipping tickets at the time of transfer.

Mr. WIGGLESWORTH. That does not mean that we are not going to keep a detailed accounting of what is delivered to this and that nation?

General AURAND. That is correct. But that accounting can only be made at shipside here in the United States, and we must give the right of use in a common theater to the commander of that theater.

Mr. WIGGLESWORTH. But there will be eventually an accounting that will be available, and which will show whatever we have delivered to each of our Allies?

General AURAND. Yes, sir. That accounting is kept up to date, and I have a January 15 statement here of that account.

The CHAIRMAN. Thank you, General Aurand.

Mr. TABER. Is that January 15 statement filed?

General AURAND. It is filed with the Lend-Lease Administration, and you will receive it as a report very shortly. I think the statement is due as of February 15.

Mr. TABER. That will be the end of the week or the first of next.

General AURAND. The Lend-Lease Administration report will show exactly what has been transferred.

WEDNESDAY, FEBRUARY 11, 1942.

QUARTERMASTER CORPS

STATEMENTS OF MAJ. GEN. E. B. GREGORY, QUARTERMASTER GENERAL; BRIG. GEN. ROBERT M. LITTLEJOHN; BRIG. GEN. T. H. DIICN; COL. C. A. HARDIGG; COL. C. A. HOSS; COL. E. N. HARDY; LT. COL. G. H. VOGEL; AND LT. COL. E. C. R. LASHER

SUBSISTENCE OF THE ARMY

The CHAIRMAN. If the committee will turn to page 2 of the bill, we will take up the Quartermaster Corps. General Gregory, we are considering here an estimate for subsistence of the Army in the amount of \$145,830,000. What is the justification for that amount?

General GREGORY. In general this amount covers the procurement of a certain number of special rations for reserve, \$105,738,000 for forward commitments of subsistence, and a small amount for commissary equipment.

EMERGENCY RATIONS

The CHAIRMAN. I note that in your justifications you specify types C, D, and K ration. What are types C, D, and K ration?

General GREGORY. I will let Colonel Hardigg explain that.

Colonel HARDIGG. I have some of them with me, sir.

(Colonel Hardigg thereupon exhibited samples of the rations referred to.)

The CHAIRMAN. I also observe, General Gregory, that the ratio is 15 rations per man. Why 15 rations?

General GREGORY. These rations are only used in case of emergency, more or less, and that quantity was thought an adequate amount to purchase at this time.

Colonel HARDIGG. It is impossible to get an accurate figure on how many of these are to be needed, and yet we must have them.

The CHAIRMAN. This is supposed to be a ration for one man for one meal?

Colonel HARDIGG. Yes, sir. This [indicating] is a three-meal ration.

(After discussion off the record:)

The CHAIRMAN. Looking at project 5, General Gregory, does that apply to commissaries patronized by Army personnel?

General GREGORY. It does; that is correct.

The CHAIRMAN. What operating expenses are included in this item?

General GREGORY. There are no operating expenses included in these estimates.

The CHAIRMAN. What is your policy with regard to these rations, and how much of a supply do you propose to build up?

General GREGORY. That is under project 6, for forward commitments and depot stock of nonperishable subsistence.

Colonel HARDIGG. That is a 4 months supply of everything. Of course it runs much higher on certain items than on others.

The CHAIRMAN. Where is this being produced, and how many concerns are prepared to produce this ration?

Colonel HARDIGG. A very great number, sir. It is a very popular item. All the packers can put it up.

Mr. SNYDER. There is no patent on any of these?

Colonel HARDIGG. No, sir. We establish a price by competitive bids, and bring the others down to it.

REGULAR SUPPLIES OF THE ARMY

The CHAIRMAN. The next item, on page 3 of the bill, is Regular Supplies of the Army, \$67,982,000.

General GREGORY. I will make a general remark on this Regular Supply item—that of this amount about \$27,000,000 is for critical and essential items of equipment, and \$40,000,000, approximately, is in general for current stocks of stationery, office equipment and supplies, and camp equipment and supplies incident to the sanitation and messing of the men.

The CHAIRMAN. There are a great many different items here. In the main the quantities of these are determined by the same formula that you have been following?

General GREGORY. Yes, sir; that is correct.

The CHAIRMAN. What about the prices?

General GREGORY. The prices are current prices.

The CHAIRMAN. And they will necessarily compare with prices generally?

General GREGORY. In general; yes, sir.

The CHAIRMAN. Now, as to the quantities to be supplied, say for 4 months, you do not think you are getting beyond reasonable limits?

General GREGORY. No, sir; I do not think so.

Mr. TABER. What do you call these "other requirements and equipment" in connection with blacksmiths' and carpenters' tools? What is the difference? That is on page 8.

Colonel HELMICK. May I explain that? The "other requirements" here are requirements which General Gregory has found necessary to buy now in anticipation of the large increase of the Army. The item is tools for post and camp shops, as differentiated from equipment for tactical units.

Mr. TABER. You mean that is like horseshoes?

Colonel HELMICK. No, sir; there are no horseshoes in these estimates. He has found that there are many items which will be required for the expanding Army which he has to buy now in order to have them ready when the troops are activated. We are coming in shortly for another estimate to provide the current expenses for the Army for the remainder of the fiscal year 1942. These "other items" are those which properly should go in that estimate, because they are, in general, operating or post equipment. However, he feels that he should buy the equipment now so that it will be available when the troops come into being. When we come in with the other estimate, he will take credit for these items against the requirements which we will show at that time.

FIELD RANGES

The CHAIRMAN. On page 31 of the justifications, item 3, you have filed ranges, \$500 per unit, and on page 33 you also have additional equipment for field range M-1937, which is apparently the same range. Is that a new project on page 33?

Colonel Hoss. Yes, sir. The item on page 33 is additional equipment required for the washing of dishes in the field. The Surgeon General decided that the equipment provided in the range as set up for \$500 was inadequate for sanitary reasons, and the additional equipment included here was authorized. This equips the ranges which are listed on page 31, and all others in use provided heretofore.

General GREGORY. The \$500 is the cost of the complete range, including the burner and equipment. The other item which appears, \$19.61, is just the burner which is to be used for heating water outside the range.

Mr. CASE. Mr. Chairman, while we are on the subject of ranges, I would like to ask a question. General Gregory, you may recall the correspondence we had with respect to the trouble the National Guard units had been having with these ranges?

General GREGORY. Yes.

Mr. CASE. I saw those at the maneuvers in North Carolina. Has anything been done to correct that weak joint where so many of them were either having trouble or finding that they had to be welded?

Colonel Hoss. The range is generally strong enough for all operations, but the breakage was due largely to inexperience of personnel in the operation of the range. We find with additional training in the operation of the range that these breakages naturally decreased.

Mr. CASE. They were having accidents and, as I told General Gregory, I went down the line to six different company cook tents there, and out of the six, five said they preferred the old type of range. One boy had been burned badly, and they had had explosions, and it seemed to be due to a certain joint in the range.

Colonel HOSS. The original tubing in the range was ordinary copper tubing. Then we went to airplane tubing, and it is just as strong as we can make it.

Mr. CASE. Are you having any further accidents with them?

Colonel HOSS. No, sir.

Mr. CASE. And you are taking steps to train the cooks in the use of them?

Colonel HOSS. Yes, sir. We are also getting up a new set-up for the repair of the range.

Mr. CASE. I was wondering whether any of the unit prices on these additional pieces were for making changes in the ranges already in the field.

General GREGORY. Yes, sir. They are auxiliary rather than substitutive parts, really, and are provided for all the ranges now in use.

Mr. CASE. Are steps being taken to take care of the ranges which were being used?

Colonel HOSS. Yes, sir.

DESKS

Mr. LUDLOW. On page 18 of the justifications you propose to purchase 39,394 desks at \$1,500,000. That would be at the rate of something over \$37 a desk. I have understood, General Gregory, that some officer had invented a desk which would serve the purpose at a much lower cost than that. Is not that true?

Colonel HOSS. There is a new desk that is put out by the Procurement Division of the Treasury Department. It is a very simplified wooden desk.

Mr. LUDLOW. So I understood—at a cost of around \$18?

Colonel HOSS. No, sir; it will cost more than that. The \$18 desk was made by the N. Y. A.; but you cannot get sufficient volume there to take care of our requirements.

Mr. LUDLOW. In regard to this desk that has been devised, would it not serve the purpose of these desks for which you are estimating, and would not the cost be a very large differential in favor of the new desk?

General GREGORY. In general; yes. We have been trying to reduce the cost of this office equipment down as low as we can.

Mr. LUDLOW. Is that particular desk in production yet?

General GREGORY. That desk was only produced in a few places by N. Y. A. boys, and I think that the cost did not include much labor charge, and that is the reason it appeared so low.

Mr. LUDLOW. I know from some manufacturers that they are very anxious to make the desk, and they think they can make a desk much below the cost that you have here. I wonder if you would have time to consider that fact and that probability, or whether you think we ought to go ahead and allow the full amount here.

General GREGORY. I think this desk here is reasonably priced for what is used in the ordinary office.

Mr. LUDLOW. I imagine these desks are for special military purposes where a desk would require more maintenance. I have understood that this desk that I have mentioned was really a practical invention and that it was going to be in production, and might very well be considered. But I just throw that out as a suggestion.

FIELD RANGES

Mr. SNYDER. General, for at least the last 5 or 6 years considerable discussion has been had before the committee on ranges, and finally a range was decided upon and the Army adopted it, and I want to ask these questions concerning it.

Is that range satisfactory?

General GREGORY. Yes, sir; it generally is. Last summer, due to the inexperience of some of the cooks, there was some trouble about the burner, but in general it is very satisfactory.

Mr. SNYDER. Yes; I heard that testimony.

Do you find it more economical than any other range that you had prior to the installation of this range?

General GREGORY. Yes, sir.

Mr. SNYDER. There was a firm or an individual by the name of Schuyler who was then trying to sell the Army a range, and he is still around.

General GREGORY. Yes, sir.

Mr. SNYDER. Do you see him once in awhile?

General GREGORY. I had a letter from him, but I have not seen him. Some man named Schwartz wrote the other day. I got a letter from him.

Mr. SNYDER. Do we use any of them?

General GREGORY. The Schwartz ranges?

Mr. SNYDER. Yes.

General GREGORY. No; we wrote to Mr. Schwartz and asked him for his design, but we never heard anything more from him.

Mr. SNYDER. Is that a recent design?

General GREGORY. I do not think so. He has never submitted this design since we wrote him.

Mr. SNYDER. I am glad to know about that, because the range you have is the most satisfactory and most economical.

General GREGORY. There is one thing I might add. The range originally designed had aluminum sheets on the outside. That has been changed, and the future ranges will have sheet steel. It makes the ranges a little heavier, and probably they will not last quite so long, but they will be satisfactory.

Colonel HELMICK. I had two batteries at Fort Benning which purchased Schuyler ranges which were used by the Infantry Board for test, before the quartermaster gasoline range was issued. The batteries liked these ranges very much, but there was no comparison between them and the ranges later issued by the Quartermaster Corps.

Mr. SNYDER. My committee was unanimous about that matter.

Mr. WIGGLESWORTH. I notice there are several items concerning which there are no details given.

I wish you would put something in the record about the item on page 9 of the justifications for stationery and office supplies, for which the estimate is \$11,000,000. I would also like to have something more in detail about the item on page 10 for \$3,000,000 for estimated obligations for candles, matches, soap, and toilet paper.

I would also like to have a more detailed statement in reference to the item on page 13 of the justifications for \$3,500,000 for brooms, brushes, mop heads, caustic soda, calcium hypochlorite, foot tubs, and miscellaneous supplies.

General GREGORY. We will give you that in the record.
(The statement referred to is as follows:)

The item of \$11,000,000 for stationery and office supplies consists of \$5,000,000 which was needed urgently about the first of the year, and was purchased from funds furnished by the Chief of Staff's fund. Replacement of the amount advanced from this fund is desired. The balance of \$6,000,000 is required to provide a working stock which must be on hand for use prior to the reception of troops. Credit will be taken in the next estimates for the \$6,000,000 advanced in these estimates.

The item of \$3,500,000 for brooms, brushes, mop heads, caustic soda, foot tubs, and miscellaneous items and the \$3,000,000 for candles, matches, soap, and toilet paper is required to establish a working stock in our depots to provide for troops prior to their induction into the service. All of these items present difficulties of procurement. The time of delivery varies from 3 to 6 months. It is, therefore, necessary that funds for these purposes be provided well in advance to insure sufficient stocks of these items. Credit will be taken in the estimates soon to be submitted for these amounts.

Mr. WIGGLESWORTH. What is the 20-percent increase I notice in several places?

Colonel HELMICK. The 20-percent increase is the amount which is applied to the critical and essential items as a cushion to take care of changed requirements and to take care of the increase in price which we expect due to speed-up, and to make up for the transportation losses.

Mr. WIGGLESWORTH. It does not apply to all items?

Colonel HELMICK. No, sir. You will find it is not applied to other items of equipment.

Mr. CASE. Are the unit costs the same unit costs that we had in the last justification?

Colonel HELMICK. They are the latest prices of record.

Mr. CASE. To measure the increased cost on these items we would have to compare them with the cost which is added, either 10 percent or 20 percent.

Colonel HELMICK. The 10 percent is added as a separate factor at the end of the estimate.

We wanted to use the last costs of record. In all these estimates we use the latest costs, and we expect, due to changed conditions, and due to the 24-hour day and the 7-day week that there will be increases in price.

Mr. CASE. How much of the actual, estimated cost would you say is due to the change in price? Does the 20 percent additional arise both on account of changes in tables of organization, as well as something for the increased price?

Colonel HELMICK. You will find in some items under the equipment program that the increase is 10 percent rather than 20 percent. Those items, Mr. Case, are ones which pertain to individuals, and within the over-all limit of men provided there will be no change in units or equipment which will affect those items. If we provide basic clothing for 3,600,000 men, the requirements will not vary if the units in the forces are changed from infantry to anti-tank units or to other arms.

However, when we come to other items involving equipment pertaining to a tactical unit then the changes in organization will cause changes in the requirements of different types of equipment. If Infantry units are changed to antitank units, we will need more anti-

tank equipment than we had planned for in the estimates. For these items we have asked a reserve of 20 percent.

CLOTHING AND EQUIPAGE

The CHAIRMAN. General Littlejohn, we have before us an estimate for clothing and equipage of \$928,928,000.

Will you give us a statement on that entire estimate?

General LITTLEJOHN. These funds provide clothing for the augmented force. It provides for the initial issue of both clothing and equipage for new increments, carrying maintenance, with combat maintenance for a large percentage of the items that are authorized for issue.

The CHAIRMAN. In this estimate you have followed the formula hitherto used? There has been no departure from the former formula?

General LITTLEJOHN. We have a definite formula, and it is purely a question of mathematical calculation.

The CHAIRMAN. Will you give us the cost of a complete initial outfit, including woolen garments?

General LITTLEJOHN. The cost at the present time is \$180 per man for clothing and equipage.

The CHAIRMAN. Does that include woolen outer garments?

General LITTLEJOHN. Yes, sir. For the clothing alone the cost is \$109.

The CHAIRMAN. Suppose you inventory the items.

General LITTLEJOHN. You want the list, including each item?

The CHAIRMAN. If you will give us that. Including the cost of woolen outer-clothing, the amount is \$180?

General LITTLEJOHN. No; that includes equipage. The \$109 excludes the equipage and includes the woolen clothing.

The CHAIRMAN. How does that compare with the cost for 1938 and 1939?

General LITTLEJOHN. It is not quite as high, because wool at that time was considerably higher than it is now. We have not reached those figures yet.

The CHAIRMAN. I will ask you if the Price Administrator has collaborated with you?

General LITTLEJOHN. No, sir; we deal with the War Production Board.

The CHAIRMAN. You have consulted with the War Production Board?

General LITTLEJOHN. We have on every major invitation for bids.

The CHAIRMAN. To what do you attribute the decreased cost at which you have been able to buy in the last year?

General LITTLEJOHN. It is largely due to the improved method of procurement.

The CHAIRMAN. What improvement has there been in that?

General LITTLEJOHN. We go out on long-term procurement and try to take the dips in industry.

Mr. CASE. In other words, you attempt to exercise a little price control yourselves?

General LITTLEJOHN. That is what it amounts to.

The CHAIRMAN. You have been able to do that because of your increased amount of working capital?

General GREGORY. It is also because we are allowed to negotiate our purchases.

The CHAIRMAN. Have more advantageous terms been secured at the sacrifice of quality?

General GREGORY. No, sir.

The CHAIRMAN. There has been no change in the standards of quality of the materials you buy?

General GREGORY. We have maintained our standards on woolen clothing as they were in peacetime.

The CHAIRMAN. What has been your policy in regard to uniforms for graduates of officer training schools?

General LITTLEJOHN. They buy their own clothes, except in the case of flying cadets. We furnish a flying cadet with a uniform suitable to be worn as the uniform of an officer.

The CHAIRMAN. You have been able to secure advantageous price terms for those?

General LITTLEJOHN. Very good terms.

PURCHASE OF WOOL

Mr. CASE. In reference to the wool situation, recently it was announced, by either the War Department or the R. F. C., as a part of the program of collaboration with South American countries, that they were going to purchase the entire clip of some of the South American countries. Have you participated in that?

General LITTLEJOHN. I have had no contacts or discussions about that.

Mr. CASE. What are you paying for wool now?

General LITTLEJOHN. The last price, as I recall, was about \$1.15.

Mr. CASE. You do not mean \$1.15 in the grease?

General GREGORY. That is \$1.15 washed.

Mr. CASE. That is washed wool?

General GREGORY. Yes.

General LITTLEJOHN. We deal mostly in the finished cloth. I have the prices here.

Mr. CASE. For the producer of the wool that figures about 40 cents, or a scant 40 cents?

General GREGORY. Yes.

Mr. CASE. Have you given consideration to the proposition of purchasing the entire domestic clip at a fixed price?

General LITTLEJOHN. No, we are not considering that.

Mr. CASE. Such a thing was done during the World War, and the wool growers' convention recently adopted a resolution suggesting that that would be the most satisfactory and the fairest thing for both the producers and the Government.

General GREGORY. I think that is under consideration now by the War Production Board.

Mr. SNYDER. I want to ask you a question about shoes. How many pairs of shoes do you equip a man with when he starts out?

General LITTLEJOHN. At the present time we give him three pairs, but we are going to reduce that to two.

SHOE ISSUES

Mr. SNYDER. Do you give the boys who go to Alaska and Panama the same kind of shoes?

General LITTLEJOHN. No. We furnish the men who go to Alaska a special boot that comes almost to the knees, in addition to the regular service shoe.

Mr. SNYDER. How about the wearing qualities of these shoes that you have issued in the last year?

General LITTLEJOHN. It has been quite satisfactory. We had some complaint in the beginning, but when we investigated we found it was due to old shoes that had been generally stored in National Guard armories, that had been on hand for a number of years. We have eliminated them, and since that we have had no further trouble.

Mr. SNYDER. It is not true that you just have half a dozen sizes, and a boy has to wear the nearest thing he can get to the proper size?

General LITTLEJOHN. We carry 142 standard sizes. In addition to that, we carry, I believe, 32 special sizes at reception centers for the small percentage of feet that do not fit the standard tariff.

Also we occasionally get a man whose feet no tariff will fit, and when we have such a case we have to buy him a pair of shoes.

Mr. SNYDER. Suppose you put a new pair of shoes or boots on a boy and he stands in the water for 2 hours, will his feet get wet?

General LITTLEJOHN. I would think they would, but under ordinary conditions we issue a man a preparation which is concentrated oil. If he takes care of his shoes in the field with this preparation, he can go in the rain a whole day and his feet will remain dry.

Mr. SNYDER. Sometimes some of the mothers back home think that when the boys go out a little bit in the dew that their feet get wet.

COST OF INSPECTION

The CHAIRMAN. On page 52 of the justifications, I notice that provision is made for cost of inspection at a rate of $2\frac{1}{2}$ percent. That is quite a substantial amount, and it aggregates \$12,906,852, according to my figures.

You do not consider that an exorbitant cost?

General LITTLEJOHN. No, sir; we do not. During the past year we operated on a 3-percent inspection basis. We have reduced that to $2\frac{1}{2}$ percent by setting up a number of more or less permanent inspectors in central depots, and, as far as we can, bringing all the supplies in there, so we have been able to get the cost figure down to $2\frac{1}{2}$ percent.

The CHAIRMAN. What is the range of pay of your inspectors; is it the same for all of them?

General LITTLEJOHN. It runs from about \$1,560 to about \$2,600. Chief inspectors get \$2,900 to \$3,200 per annum.

The CHAIRMAN. The other day, when we were considering the estimates for the Office of Civilian Defense, we came across an item for razor blades at 68 cents a dozen, and when we asked for the justification we were told that that was the last price paid by the Army.

Mr. TABER. The unit cost of safety razor blades is set out on page 54 of the justifications.

The CHAIRMAN. The 68-cent price was later corrected in the record. The price was 68 cents for 40 blades. Now I notice that on page 54 of the justifications you have the figure of 23.5 cents for razor blades.

General GREGORY. That is the razor and the blades.

The CHAIRMAN. How many blades?

General GREGORY. One razor and five blades for 23.5 cents.

Mr. TABER. If they were buying the blades alone, what would be the cost?

General GREGORY. We do not buy blades without razors.

Mr. TABER. Do you mean he has a new razor for every five shaves?

General GREGORY. No, sir; he buys his own blades after his initial issue of five blades.

Mr. TABER. This is more money than you have had in the last couple of years, with the increased number of men in the Army.

General GREGORY. This also includes initial equipment for a large number of men, plus equipage as well.

General LITTLEJOHN. And the maintenance was set up to the 1st of October.

ARMY TRANSPORTATION

The CHAIRMAN. We will take up the items for Army transportation. We have a total estimate of \$2,245,701,000 for Army transportation.

If there is no objection, we will include in the record the entire table on page 74 of the justifications.

(The table referred to is as follows:)

Army transportation—Recapitulation

	Equipment program	Other require- ments	Total
Animal.....	\$799, 164	\$200, 000	\$999, 164
Water.....	1, 037, 500	49, 664, 000	50, 701, 500
Motor.....	1, 711, 567, 283	46, 540, 566	1, 758, 107, 849
Rail.....	430, 136, 067	5, 756, 420	435, 892, 487
Total.....	2, 143, 540, 014	102, 160, 986	2, 245, 701, 000

ANIMAL TRANSPORTATION

The CHAIRMAN. I notice you have an estimate of \$999,164 for animal transportation.

I thought in this day animals were obsolete. What is the necessity for that estimate?

General GREGORY. I would say this about this particular program for animal transportation, and also in reference to the purchase of animals. The current trend in organization has been toward mechanization, but the wide diversity of countries where we may be called upon to operate makes an increase in the number of animals a possibility. But the immediate procurement of animals and animal equipment under these estimates is not contemplated. The funds will be held in reserve, pending definite requirements for new animals; that is, until it becomes obvious that we will need them.

When the program was first prepared it seemed that we would have some new units that would use animals. Now it seems that possibly we will not activate such units.

Mr. TABER. Why appropriate the money if we probably will not need them?

General GREGORY. The need may occur very quickly, and if we do not spend the money we will keep it in reserve.

The CHAIRMAN. You will not procure them until after the need is self-evident?

General GREGORY. No, sir.

The CHAIRMAN. What is your objective in the program for animals?

Colonel HARDY. The situation now is that we have enough to meet the training program of the War Department for 1942. The animals for the current year and the estimated amount of equipment for them were included in the program when the War Department thought it would use certain animal units, but it has now decided we may not use the number of animal units originally planned. If we do not use any more than they contemplate for the training program for 1942, we already have enough animals, together with the money already appropriated, to fill the requirements.

The CHAIRMAN. You also have sufficient equipment in the way of bridles, saddles, and harness?

General GREGORY. We will not buy them until the increased use of animals becomes apparent.

The CHAIRMAN. What have you on hand?

Colonel HOSS. We have a good deal of harness and that type of equipment on hand.

In project No. 3 we have an item for modifying certain saddles which we require at the present time.

The CHAIRMAN. You will recall that after the last war when Congress spent a million dollars investigating the war and the cost of the war, the only item they could find to criticize was the purchase by the Army of about five times as many bridles and saddles as they could use, and innumerable halters, beyond the range of imagination, so far as the actual number of animals which might be needed was concerned.

I trust no similar error will be made in this war.

Colonel HOSS. We have not overbought on any of this equipment.

General GREGORY. We still have enough saddles from the other war to fill our future requirements.

Mr. CASE. I would like to ask Colonel Hardy what the latest reports are as to the place of cavalry in warfare on the Russian front.

Mr. STARNES. I am going to ask you some questions about the British, as to whether they are still using horses.

Colonel HARDY. The reports in the newspapers are that the cavalry of the Russian Army has been doing considerable good work. In the last few months it has been true that the operations of the motorized elements of both sides have been at least retarded by the severe cold weather which they have experienced.

Mr. CASE. If you have a horse-buying program, either for pack horses or mules, or cavalry horses or for transportation, how far in advance of the time you need them do you have to have your funds with which to buy them?

Colonel HARDY. We should have 4 months' notice before the animals would be ready for issue to units for use, and the units should have a reasonable time to get them in condition and trained for actual combat use.

Mr. CASE. It is not possible to wait until the emergency arises and then say we have to have some horses?

Colonel HARDY. No; that should be anticipated at least 4 months in advance.

Mr. TABER. Do you mean you have to buy them 4 months in advance of their use?

Mr. CASE. They must be conditioned and the horses have to undergo a certain amount of training.

Colonel HARDY. These horses get sick and they have to be gotten over that and trained sufficiently so that the ordinary soldier can either ride them or drive them.

Mr. TABOR. Does that mean you have to buy stock right now?

Colonel HARDY. No, sir; but as General Gregory explained, we will not buy them until it is indicated at least 4 months ahead of time that we will need them.

Mr. TABER. That does not make sense to me; because how do you know when you will buy them?

Colonel HARDY. The War Department makes the decision as to how many animalized units it desires and when such units will be activated. The Quartermaster General is advised in sufficient time to have the required number of animals ready for the units at the time designated for their activation.

Mr. CASE. It is a question that would have to be answered according to the war plans, I suppose.

Colonel HARDY. When we put in for the requirements of the P. M. P. the augmentation included animals in the estimates then made. Subsequent to that time the War Department has modified those plans so as to decrease the number of animal-using units originally contemplated. So we do not need any more animals right now for the present plans.

The CHAIRMAN. On tomorrow morning how many mounted troops could be turned out, fully equipped, with wagon trains fully equipped, with the required number of animals, in the entire United States Army?

If we had to mobilize all of our mounted troops tomorrow morning, how many could you muster?

Mr. SNYDER. How many horses have you?

Colonel HARDY. We have about 8,000 animals of all types in our depots in addition to about 42,000 in the hands of units.

Mr. SNYDER. Part of them are horses and part of them are other draft animals?

Colonel HARDY. The majority are riding horses.

We have about 7,000 animals of all types, in depots, in addition to the ones the units are using.

The CHAIRMAN. A number of them are draft animals?

Colonel HARDY. Yes, sir, but the majority of them are riding horses.

Mr. TABER. How many would you have all together, including those you have for some particular operation in the Army, or those you have in the service, and everything else?

Colonel HARDY. There are about 50,000 animals of all classes on hand at the present time.

Mr. CASE. Does that include the Cavalry for the continental United States?

Colonel HARDY. It includes all authorized units at the present time and replacements on depots.

Mr. CASE. Including everything that may be outside of continental United States?

Colonel HARDY. Yes, sir.

Mr. STARNES. The answer to the question that we are trying to get is that until a few months ago there was no particular need in Russia for horse cavalry, but the terrain and weather conditions made it impossible for motor vehicles and tanks to operate with any degree of success, and the Russians have used their horse cavalry, and it has used it quite effectively.

Colonel HARDY. Yes, sir; that is true; except that in the Russian Army they had been using all kinds of horse transportation and cavalry prior to that time. They have made use of it especially since they could not use their motorized equipment because of weather conditions.

Mr. STARNES. After fighting the war for a number of months without using them, they found that they could use them advantageously, and if we are to have an all-purpose force, we must be prepared for any contingency, and no human being can tell when you will need horses in the Army.

Colonel HARDY. That is true.

Mr. CASE. As a matter of fact, when the temperature fell to 50° below zero, the Germans stopped, while the Russians moved on because they had their cavalry.

Colonel HARDY. Yes, sir. I have definite ideas about the use of horses and mules in warfare. I look at it this way: We must use the resources of this country to the fullest extent, and if we have some jobs that can be done by horses and mules, why not use them and thus release materials that would go in trucks and motorized equipment for airplanes and ships? It is a question of balance, both as to composition of the armed forces and the use of available resources. This is what Germany, Russia, and Japan have done; otherwise they would not have been able to create the large armies they now have. If all their ground forces had been mechanized—something would have had to be taken away from the air or the water. These nations used animals wherever they could do the job as well or better than something else.

OTHER REQUIREMENTS

The CHAIRMAN. On page 76 of the justifications there is an item of \$200,000 for "Other requirements." Just how important is that item?

Colonel Hoss. That \$200,000 is required so we will have a stock of leather necessary for the repair of saddles both at Jeffersonville and in the field. Leather is becoming increasingly difficult to get.

The CHAIRMAN. In what respect is this a revolving fund?

Colonel Hoss. We are trying to establish a stock there so that when saddles come in for repair we will not find it necessary to go out and buy a small amount of leather to effect the repairs.

WATER TRANSPORTATION

The CHAIRMAN. We have an estimate of \$50,701,500 for water transportation.

Colonel KELLS. This will provide for the payment of small boats, tugs, barges, floating equipment, and so forth, for use at harbors and ports, and which are now either under purchase or under contract. This estimate provides for pier equipment for 17 piers, most of them ammunition piers. It also provides for a marine railway in Alaska. It provides for arming and degaussing equipment and installations for transports and harbor-defense boats, and, also an item for emergency mine-planting equipment that is required for immediate use for harbor defenses.

Mr. TABER. There is quite an item there for the purchase of boats.

Colonel KELLS. Yes, sir.

Mr. TABER. You have some boats that I would like for you to tell us about. For instance, there is the *King*.

Colonel KELLS. The *King* is a small refrigerator ship.

Mr. TABER. She was purchased from whom?

Colonel KELLS. She was purchased through the Maritime Commission. All of those vessels are purchased through the Maritime Commission except the small vessels.

Mr. TABER. That applies to all of these vessels?

Colonel KELLS. To every one of them except those listed as tugs, barges, and small vessels.

ARMING AND DEGAUSSING EQUIPMENT

The CHAIRMAN. On page 81 of the justifications, there is an item for arming and degaussing equipment and installation for transport and harbor defense boats. How do you arrive at that particular amount?

Colonel KELLS. That provides for 24 vessels of different sizes. It is almost impossible to predict the actual cost of the arming and degaussing of these vessels, since some of them are old and some are new. Each requires a special job.

The CHAIRMAN. It is specialized work?

Colonel KELLS. Yes, sir.

RADIO-CONTROLLED BOATS

The CHAIRMAN. On page 82 of the justifications you have an item of \$204,000 for radio-controlled boats. Give us some statement about that.

Colonel KELLS. That is an additional amount of money. There was previously provided in other estimates money for radio-controlled boats, and this represents a deficit in their procurement. We were unable to procure radio-controlled boats for the amount previously set up.

FERRYBOAT

The CHAIRMAN. There is a large number of items on page 83. The first is an item for a ferryboat. What is the justification for that?

Colonel KELLS. The justification for that is a ferryboat running between our staging areas in the New York port of embarkation and

the port loading piers, used for the transfer of soldiers who are held on these staging areas up to the time of loading. This vessel we propose to buy is to be bought from the city of New York. It is now owned by the city of New York, and it is a regular harbor ferry that will handle 1,000 men to the transport.

Mr. CANNON. Is this a necessary item? Are all these items in here, on pages 83, 84, and 85, a necessary and integral part of the war program?

Colonel KELLS. Yes, sir; they are absolutely necessary.

General GREGORY. We are very much in the boat business now all over the world.

The CHAIRMAN. There is no item in there that could be eliminated or reduced?

Colonel KELLS. No, sir. May I offer these figures: We have at the present time a large number of transports in operation. The more transports we have in operation, the more ports of call we have, and the more places that we send transports to the more small equipment we require, like barges, to help discharge the cargo, and tugs for docking and undocking vessels, and more small vessels are required to transfer the working crews to and from the ships.

The CHAIRMAN. Are they to be built or converted?

General GREGORY. There will be some of both. Some of them may be second-hand boats. Some of the smaller ones will be new and some of the larger ones will be old.

Colonel KELLS. Most of the small items we can get in 4 months and the larger items in 7 months. At places where we are buying this same kind of equipment, we have induced contractors to expand, and where we are buying four or five of these items, we have added four or five more. We are doing very well in the procurement of these small vessels.

PURCHASE OF SURF-LANDING BOATS

The CHAIRMAN. On page 85 you have an item for the purchase of surf-landing boats.

Colonel KELLS. Yes, sir; they are for Army transports, or for the transport of cargoes ashore. They take the place of a certain kind of lighter vessels.

PIER EQUIPMENT

Mr. CASE. You have two or three items for pier equipment.

Colonel KELLS. Yes, sir.

Mr. CASE. What is the necessity for this pier equipment? Do not these ports have pier equipment there already?

Colonel KELLS. No, sir; there is a great scarcity of port equipment. There is an insufficient supply of that equipment.

Mr. CASE. If the Government purchases this pier equipment, is it to be used exclusively for the Army, or is it to be turned over to the port authorities?

Colonel KELLS. No, sir; it is to be exclusively by the Army in the handling of Army cargoes. A number of these piers are ammunition piers. They are generally piers, which are now just coming into operation.

Mr. CASE. Do we have docks at all of these points, with warehouse and other facilities for handling equipment and maintaining it as Government property?

Colonel KELLS. Generally; yes, sir.

MOTOR TRANSPORTATION

The CHAIRMAN. We have an item of \$1,758,107,849 for motor transportation. What justification do you have for this estimate?

Colonel VOGEL. This amount represents the cost of added equipment required to augment the Army to 3,600,000 men and also includes the requirements for defense aid. This includes vehicles, spare parts for initial stockage, gasoline servicing equipment, repair equipment, and added requirements for the increase in instructional installations.

The CHAIRMAN. This is by far the largest item under transportation. It is vastly more than half of the total estimate. Does that mean that we are going to have to put a lot of factories out of the airplane business in order to produce this motorized equipment?

Colonel VOGEL. I do not believe so. Our estimated requirements reflected here include a great number of vehicles that are immediately necessary. I do not think there is any plant duplication with anything that could be used by the airplane industry without a considerable change-over.

The CHAIRMAN. We place in the bill a limitation of \$400 for the maintenance, upkeep and repair of any one motor-propelled passenger-carrying vehicle, except busses and ambulances, and you provide in this item that the provisions of that section of the Treasury and Post Office Departments Appropriation Acts for 1942 shall not apply to vehicles used or to be procured by the War Department for military activities. What is the occasion for that?

Colonel VOGEL. The repair limitation has made it necessary for us to request this change. It is due to the fact that a lot of these vehicles can be rebuilt, and the cost figures show that \$400 is too low a limit to carry on that rebuilding. The limitation was removed in the Third Supplemental National Defense Appropriation Act, 1942.

General GREGORY. That is especially true of the heavier type vehicles, or the vehicles of 2½ tons and above.

The CHAIRMAN. As I understand it, the cost of motor vehicles is to be frozen at the pre-war price, and the prices of accessories are to be standardized, so there will be no increase on that account, or an increase due to the increased cost of material.

General GREGORY. You are referring to passenger cars. The price of these vehicles in here is not frozen.

Mr. TABER. This means trucks?

Colonel VOGEL. Yes, sir.

The CHAIRMAN. I am referring to motor-propelled passenger-carrying vehicles.

Mr. TABER. Where do you get passenger-carrying vehicles in here at all under this estimate, except in that one item of \$750 vehicles? There is nothing in there except that.

The CHAIRMAN. Yes; there is a limitation in here on motor-propelled passenger-carrying vehicles.

Mr. TABER. There are no cars to be bought except the \$750 car.

The CHAIRMAN. The language on page 4 of the bill not only applies to this bill but it applies to the other appropriation bills.

Colonel VOGEL. We must provide spare parts for these vehicles, and we must have them manufactured for these particular cars.

The CHAIRMAN. I notice on page 5 that you propose to continue the unit cost of vehicles of not to exceed \$750 for light automobiles and \$1,200 for medium automobiles. If you are able to retain that limitation on the cost of vehicles, why not retain the limitation on the passenger-carrying vehicles?

Colonel VOGEL. That is the initial cost of the vehicle itself. We are taking advantage of the fact that we could push our requirements ahead and purchase before the lines go down on commercial vehicles. That allows us to stay within the price limitation at this time.

Mr. TABER. I do not understand anyway the need for the removal of the \$400 limitation on repairs, unless you have a lot of high-priced cars somewhere that you want to fix up. How many high-priced cars do you have that you want to fix up?

Colonel VOGEL. I do not have that figure.

Mr. TABER. You may put it in the record.

Colonel VOGEL. I will do so.

(The statement requested is as follows:)

As of January 31, 1942, there were 230 medium cars on hand. Of this total 83 are of 1940 or earlier models. The medium car has a top purchase price of \$1,200.

Mr. TABER. You have in here something I do not understand: You have an item for 20-ton tank transporters and for 40-ton tank transporters? What is that for?

Colonel VOGEL. These are lend-lease requirements for a type of vehicle on which a tank is carried. It is used to pick up and carry disabled vehicles.

Mr. SNYDER. Do you have a sufficient number of spare parts in the estimates?

Colonel VOGEL. Spare parts are being bought concurrently. The answer to your question is, yes, sir.

Mr. WIGGLESWORTH. Will you tell us something about project No. 40, for schools, boards, and replacement centers?

Colonel VOGEL. That is for the added requirements in connection with our replacement centers, and in our schools where motor instruction is carried on.

Mr. WIGGLESWORTH. Do you need that?

Colonel VOGEL. Yes, sir.

RAIL TRANSPORTATION

The CHAIRMAN. The next item is for rail transportation, the estimate being \$435,892,487. Is this the total amount, or is it additional?

Colonel LASHER. This is the additional amount required for the transportation of the equipment included in this estimate, which must be transported to the point of consumption. This estimate covers that transportation cost.

The CHAIRMAN. On page 102 you give us a little detailed justification of it.

Colonel LASHER. That is rail equipment and the transportation of rail equipment to the new posts and stations under the augmented 3,600,000 Army.

The CHAIRMAN. This is specifically required for defense posts?

Colonel LASHER. For defense posts; yes, sir.

Mr. TABER. On that page, under the head of "Equipment program" you have an item of 85-ton locomotive. Down below you have some more items for locomotives under the head of "Other requirements." You have two more there under the head of "Other requirements," and I do not understand that.

Colonel HELMICK. The two locomotives carried under the "Equipment program" are defense aid. Those below, under the head of "Other requirements" are required for the depots.

Mr. TABER. They are the ones you are planning to use, under the "Equipment program", while the others are carried under the head of "Other requirements"?

Colonel HELMICK. Yes, sir. The "Equipment program" locomotives are defense aid.

Mr. TABER. This statement says that a lot of this stuff is required for domestic requirements.

Colonel HELMICK. Item No. 2 should be under the head of "Other requirements."

HORSES, DRAFT AND PACK ANIMALS

The CHAIRMAN. We will turn to page 103 and take up the item for horses, draft and pack animals, the estimate being \$2,725,900. Why do you require that?

Colonel HARDY. That is a reserve fund.

The CHAIRMAN. Upon what prices do you base your estimate?

Colonel HARDY. Horses, \$170 per head. Mules, light draft, \$205 per head. Mules, pack and riding, \$195 per head.

The CHAIRMAN. Do you expect to pay more than last year?

Colonel HARDY. Yes, sir.

The CHAIRMAN. What are the average prices you paid last year, and what do you expect to pay now?

Colonel HARDY. Last year we paid \$166.96 for riding horses, \$167.50 for light draft horses, and \$188.77 for pack and riding mules.

These prices included \$5 to cover the cost of travel of the Purchasing Board. At present we are paying \$170 for horses and \$200 for mules. The price of mules is expected to go higher.

The CHAIRMAN. This includes \$5 per animal?

Colonel HARDY. Yes, sir; for the cost of travel of the Purchasing Board.

The CHAIRMAN. A few years ago, a very old man out in my immediate neighborhood, who was quite wealthy, was telling me one day when I visited him, how, as he explained, he got his start. He said he was absolutely penniless and the Army was buying horses down in St. Louis in the Civil War. He said that horses were being brought in there every day in larger or smaller numbers and almost invariably, when they were inspected, the inspector would throw out two or three horses, and sometimes quite a number of horses, and buy the rest. That was before the days of railroads and all of the transportation was by river, or overland, and to these men, who had brought those horses long distances, when the horses were rejected and the Army refused to buy them, they were just an encumbrance. So this chap, when he was a young fellow, would stand at the gate and, when the fellow would come out with a rejected horse, he would say "I will give you \$3 for your horse" or "\$2 for your horse", and the fellow would say "Here,

take him; I would pay somebody to take him off of my hands; I have not any money and I cannot stay here with him, and I cannot sell him." Then he would take this horse, overnight, and trim him down, and trim the hairs out of his ears, and the next day sell him to the Army.

He said he discovered one thing. He said he discovered when he had his animal inspected that if he walked right up and stood at the animal's head the inspector always passed him; very rarely failed to pass him; sometimes the inspector would reject him.

Now, I take it for granted this system of inspection that is required now has been somewhat improved, so that you won't be buying one day a horse that was rejected the previous day.

Colonel HARDY. I appreciate your confidence, sir. We are not that easily fooled. We have heard the modern version of that story and, of course, it takes a good horseman to know what to take and what to turn back, and they are very carefully inspected, and the mounted service report that they have received better horses this year than they have ever been mounted with before.

Mr. CASE. Colonel, I thought that story was a rather dubious compliment to your inspection qualities.

Colonel HARDY. Well, maybe I assume too much.

Mr. CASE. Is it not a fact that in the modern system which you have through the remount service you have eliminated a great deal of the complaint of that speculative era in horse buying?

Colonel HARDY. We have very little complaint. I believe the buying of animals is about as fair to both the Government and the individuals from whom we buy as human beings can make it.

Mr. SNYDER. How about our remount service down at Front Royal and out West?

Colonel HARDY. We have three depots; one in Front Royal, one in Fort Reno, Okla., and the other one in Fort Robinson, Nebr.

Mr. SNYDER. How about their operation now?

Colonel HARDY. They are operating very effectively. We have between seven and eight thousand animals on hand now at the three depots.

Mr. SNYDER. At the three depots?

Colonel HARDY. Yes.

Mr. SNYDER. That is more than you have had at any one time for some years; is that right?

Colonel HARDY. During last winter, we had as high as 5,000 animals at each of the depots. We are a little bit lower now, but have been operating at a higher capacity than we have for some years, yes.

Mr. CASE. How do you explain the greater increase in the unit cost of mules and horses?

Colonel HARDY. On account of the farming operations and farmers knowing they are going to be without tractors, oil, and gas, the farmers are not offering animals as freely as they did a year ago.

Mr. CASE. It has been my observation, in the places I have been, where horses were being bought, that one sort of inspector was gobbling up Cavalry or riding horses, and I heard the observation made in one area by some inspector that, if he could get them, he would also like some big, strong draft animals, too.

Colonel HARDY. Each purchasing board is allotted so many animals of various types to buy, and that board buys those types of animals. We do not have one board to buy one type and another board to buy another.

Mr. CASE. That would sound logical, but in my area the general announcement made has been they were looking for riding horses, and that is what they were always shown. I have been at the remount station where the officer was buying, and the only thing shown there was riding stock.

Mr. HARDY. I think the reason for that is that we have bought so many more riding horses than we have draft horses.

UNIFORMS FOR GRADUATES OF OFFICER CANDIDATE SCHOOLS

The CHAIRMAN. General Gregory, we were referring awhile ago to supplying graduates of the officer candidate schools with uniforms. I have since been advised that a bill has passed the Senate and is now on the House Calendar, to grant graduates of such schools \$150 for uniforms.

General GREGORY. Most of these graduates of this officers' candidate school are selectees who are selected for their qualification and not for the money they have. They have been receiving a soldier's pay for at least 6 months, and the most of them have to go in debt to buy their uniform. So that I think a uniforms allowance is a very good idea. That is my personal opinion only.

CONSOLIDATION OF APPROPRIATIONS OF QUARTERMASTER CORPS

The CHAIRMAN. General, on page 5 there is an item which looks as if it might be of considerable importance, to make one fund of all appropriations under your branch, with the addition of the appropriation "Welfare of enlisted men." That proposal has been submitted to the subcommittee on the regular supply bill I believe?

Colonel HELMICK. Yes, sir; it has.

The CHAIRMAN. What would be the advantage of that change?

Colonel HELMICK. A great deal of that equipment is equipment procured by the Quartermaster General such as athletic equipment, library and service club equipment. It will also permit interchangeability with other funds in the Quartermaster General's appropriation.

Mr. TABER. You have this thing fixed so that we won't be able to tell what anything costs?

Colonel HELMICK. No, sir. The estimates will be defended, the justifications will be put in just as before and they will be accounted for just as before.

Mr. TABER. Why do you need this language then? So as to let it be interchangeable completely?

Colonel HELMICK. Yes, sir.

Mr. TABER. That is, you can shift any of it to another spot?

Colonel HELMICK. Yes, sir.

Mr. WIGGLESWORTH. What are the limitations you are going to take off down in that last paragraph? It says—

That said appropriation shall not be subject to any limitations contained under the appropriation titles named in this paragraph except the limitations on the unit cost of light and medium passenger-carrying automobiles.

What limitations are you going to take off?

General GREGORY. Mr. Davis, do you have a list of them here?

Mr. DAVIS. No, sir; I have not a list. I know what they are.

Mr. WIGGLESWORTH. Suppose you put in a list so that we can see what they are when we come to mark up the bill.

General GREGORY. I will have it inserted in the record.

(The matter referred to is as follows:)

(a) Restriction on the purchase of oleomargarine, appearing under "Subsistence of the Army."

"*Provided*, That none of the money appropriated in this Act shall be used for the purchase of oleomargarine or butter substitutes for other than cooking purposes, except to supply an expressed preference therefor or for use where climatic or other conditions render the use of butter impracticable."

(b) Restriction on purchases of subsistence not grown or produced in the United States, appearing under "Subsistence of the Army."

"*Provided further*, That no part of this or any other appropriation contained in this Act shall be available for the procurement of any article of food or clothing not grown or produced in the United States or its possessions, except to the extent that the Secretary of War shall determine that articles of food or clothing grown or produced in the United States or its possessions cannot be procured of satisfactory quality and in sufficient quantities and at reasonable prices as and when needed, and except procurements by vessels in foreign waters and by establishments located outside the continental United States, except the Territories of Hawaii and Alaska, for the personnel attached thereto."

(c) Limitation on the cost of a suit of civilian outer clothing to \$30, appearing under "Clothing and equipage."

"* * * for a suit of citizens' outer clothing and when necessary an overcoat, the cost of all not to exceed \$30, to be issued each soldier discharged otherwise than honorably, * * *"

(d) Regulation of laundry charges by Government-owned laundries, appearing under "Clothing and equipage."

"*Provided*, That laundry charges, other than for service now rendered without charge, shall be so adjusted that earnings in conjunction with the value placed upon service rendered without charge shall aggregate an amount not less than \$50,000 below the cost of maintaining and operating laundries and dry-cleaning plants."

(e) Limitation of allowances for living quarters abroad, appearing under "Incidental expenses of the Army."

"* * * including not to exceed \$900 for any one person for allowances for living quarters, including heat, fuel, and light, as authorized by the Act of June 26, 1930 (5 U. S. C. 118a), * * *"

(f) Limitation on expenditures for activities of chaplains, appearing under "Incidental expenses of the Army."

"* * * not to exceed \$53,600 for activities of chaplains (excluding ritual garments and personal services); * * *"

(g) Limitation on the amount appropriated for encouragement of breeding of riding horses, appearing under "Horses, draft and pack animals."

"* * * (including \$87,515 for encouragement of the breeding of riding horses suitable for the Army, in cooperation with the Bureau of Animal Industry, Department of Agriculture, including the purchase of animals for breeding purposes and their maintenance) * * *"

Mr. CASE. Is this the way the matter was handled in the World War appropriations?

General GREGORY. Yes, sir.

Mr. CASE. That is, you preserved the separated items, you preserved the individual appropriations for the items, but provided for a blanket interchange?

General GREGORY. Yes, sir. In general, the purpose of the blanket expenditure under one title is to enable a simplification of procurement and accounting in the field. Inexperienced individuals who are spending funds in the field will have much less trouble in accounting if they can expend their funds under one title, than if they have to expend them under half a dozen different titles.

Mr. CASE. The subcommittee had considerable testimony on this proposal the other day by a representative, as I understood it, from the Finance Department of the Army.

General GREGORY. Yes, sir.

Mr. CASE. And also a representative from the Budget, and it was the definite understanding in that informal meeting, and I would like to have it as a matter of record, that if this language should stay in the bill this will not reduce in any way the separate accounting and bookkeeping for the several classifications of funds.

General GREGORY. That is correct.

Mr. CASE. Further, in the way the bill is presented, is it expected that this should apply also to funds for the officer schools?

Colonel HELMICK. No, sir. The officer schools are not included in this consolidation. It was under discussion the other day. However, the Bureau of the Budget forwarded this language which excludes the officers schools from this consolidation.

Mr. CASE. Now, in one of the other appropriation bills that is pending now, under the language suggested by the Budget, it is also proposed in a bill which has nothing to do with the Army or Navy to eliminate itemized appropriations and substitute lump sums. Have you any information that would indicate that this represents a desire on the part of the Budget to eliminate itemized appropriations and substitute lump-sum appropriations?

Colonel HELMICK. Not at all, sir.

Mr. CASE. As far as you are concerned, this is merely because of problems of field bookkeeping?

Colonel HELMICK. Of field bookkeeping, particularly for the man in the field on a small expeditionary force. This permits him to use all Quartermaster funds for any purpose under that appropriation and the accounting will be made when the reports of expenditure are made.

General GREGORY. In other words, it is an attempt to eliminate some of the so-called red tape which ordinarily surrounds the expenditure of funds in the field, and still preserve the same limitations.

The CHAIRMAN. General, summing up the whole testimony given today on the estimates for your corps, you do not know, on reconsideration, of any item in here which could be reduced or omitted?

General GREGORY. No, sir.

The CHAIRMAN. It is your best judgment that all appropriations recommended here are urgently needed for the prosecution of the war?

General GREGORY. Yes, sir.

The CHAIRMAN. If there is nothing further, thank you, General.

THURSDAY, FEBRUARY 12, 1942.

SIGNAL SERVICE OF THE ARMY

STATEMENTS OF MAJ. GEN. DAWSON OLMSTEAD, CHIEF SIGNAL OFFICER; BRIG. GEN. R. B. COLTON; COL. J. T. WATSON, Jr.; LT. COL. K. B. LAWTON; LT. COL. C. E. SNOW; AND MAJ. RAYMOND C. MAUDE, SIGNAL CORPS, UNITED STATES ARMY

The CHAIRMAN. General Olmstead, we have an estimate before us for the Signal Service of the Army, amounting to \$1,349,000,000. Just how do you plan to use this money?

General OLMSTEAD. Mr. Chairman, I have a brief statement that I would like to submit, if I may.

The CHAIRMAN. We will be glad to hear it.

General OLMSTEAD. Estimate "D" for Signal Service of the Army amounts to \$1,349,000,000.

Several conferences have been held with representatives of approximately twenty manufacturers who are capable of producing the equipment listed in this estimate and who will be given negotiated contracts as prime contractors. Each prime contractor is required, according to his contract, to subcontract to small manufacturers approximately 40 percent of the original contract. This provision is made so that the engineering facilities of the prime contractor may be utilized in assisting the subcontractor in producing identical equipment. It also permits the utilization of many small factories which do not have engineering staffs to assist them in producing some of the more complicated types of equipment.

The information furnished by the communication industry and verified by my own production engineers has led me to the conclusion that this equipment can generally be delivered by the specified time.

The unit costs as listed in this estimate have been arrived at by taking into consideration the unit costs of previous contracts of similar equipment under competitive bidding, the present price of labor and materials and the quantity production which is being required due to the large number of identical items which are being contracted for. The unit cost of new items which have not previously been contracted for is determined with the assistance of two organizations: (1) The Cost Estimates Section in the Legal Division of my office which is composed of cost engineers and accountants, and (2) an awards committee composed of qualified officers who make a thorough study of the cost of the item, utilizing pertinent data from the Signal Corps laboratories and informal estimates from several manufacturers. Although the cost of labor and material has recently risen partly due to the payment of time and a half and partly due to the fact that it is generally conceded that where three shifts are used, over all production is only about two and a quarter times that of a single shift, the unit cost has not risen in most cases due to the fact that there are repeat orders and the quantities of items are so large that the manufacturers can make the items on the assembly line basis.

In general, all critical items are produced by at least two companies, and, therefore, we are still able to obtain informal competition before the price is determined on a negotiated contract.

I have with me members of my staff and particularly General Colton who is in charge of the Matériel Branch of my office and who assists me in the contracting, inspection, and delivery of this equipment. I shall be glad to furnish any further information which you may desire.

STATUS OF PROGRAM

The CHAIRMAN. Can you tell us what is the status of your procurement program? Is your equipment coming through in a satisfactory way, or do you have any delays?

General OLMSTEAD. May I make an extemporaneous statement along that line: When I came in about 6 months ago, the great impetus

was given to the effort to get funds, as you know, and the time element was stressed. We went to work to obligate those funds.

Our next step was to get this equipment. I would like to read a statement I had prepared for General Knudsen on what had been accomplished in the way of deliveries. I stated that there was a reorganization of the office to accelerate the procurement of Signal Corps supplies and equipment. This included the establishment of four branches, each containing the divisions with related functions; the establishment of an executive control division to exercise staff supervision over all activities for which the chief signal officer is responsible; the establishment of a coordination and equipment division, with officers on duty from the other arms using signal equipment, in order to expedite the coordination necessary to effect standardization of new equipment; the establishment of a Radar division to coordinate the development of Radar equipment; the issuance of awards against funds previously appropriated for equipment but lacking final approval for procurement; the issuance of letters of intent to award contracts for items of equipment included in supplemental estimate "D," for which funds have not been allotted to date; a survey of contractors to effect a 24-hour, 7-day week operation; a survey to determine all possible additional plants capable of manufacturing equipment on the program; conferences with representatives of the larger contractors, the organization of a communications production advisory board to assist in solving common problems. I am chairman of this board, and we discuss ways and means of getting this work done. We have set up six committees, of which Army officers in my office are chairmen. For instance, there is an expediting committee. This committee is charged with responsibility for contacting subcontractors as well as contractors to speed up deliveries.

The CHAIRMAN. Just on the face of it, that would appear to be a very efficient set-up. Are you getting materials promptly, or are there any undue delays?

General OLMSTEAD. We are getting results, but we never can get in a state of mind where we are satisfied, because this increase in our requirements requires the procurement of a tremendous amount of material. I never dreamed that we would have to deal with such sums, but I know that you have to do the job through organization.

The CHAIRMAN. You make the statement that you are not satisfied with your accomplishment, but that you are moving onward. I notice your statement here with reference to these three shifts and the 24-hour service, and in that connection you make the statement that instead of giving you three times the production, you get only about two and a half times the production. However, I take it from your statement that you are profiting from the three shifts.

General OLMSTEAD. Yes, sir; time is considered a most important element.

The CHAIRMAN. You say you have informal competition.

General OLMSTEAD. Yes, sir.

The CHAIRMAN. Do you think that that is as effective as competitive bidding?

General OLMSTEAD. If we were in peacetime, I would require bids, but in these times, since we have to speed up deliveries, we find it necessary to make negotiated awards.

The CHAIRMAN. Do you consult a sufficient number of manufacturers to feel certain that you get as low a figure as could be obtained in the market for this work?

General OLMSTEAD. We are doing that now, and we have set up in the Legal Division an Accounting and Auditing Section and we are going back over all of the big contracts that were made under pressure to check the negotiated price.

The CHAIRMAN. As I understand it, you have a laboratory at Fort Monmouth.

General OLMSTEAD. Yes, sir; we have two.

The CHAIRMAN. From your work there, are you able to determine about what would be a reasonable price for this material?

General OLMSTEAD. We have determined the cost of equipment that has been made before by competitive bidding. In the case of a lot of this new equipment the Signal Corps laboratories, which have developed it, aid in determining a reasonable price.

The CHAIRMAN. Are you not producing some new items?

General OLMSTEAD. Yes, sir.

The CHAIRMAN. In that way, are you able to reach some idea of what would be a fair price?

General OLMSTEAD. Yes, sir.

The CHAIRMAN. Have you found the prices of those manufacturers that you deal with to be reasonable?

General OLMSTEAD. Yes, sir.

RADIO FOR ARMY BOATS

The CHAIRMAN. I note that it seems to be necessary to provide radio equipment for some boats. I wonder if there is any need to equip utility boats and small tugs. Is there any necessity for providing this special equipment for them?

General OLMSTEAD. I believe those ships are required to have radio on them.

Colonel WATSON. This is in accordance with the provision that we have to provide radio equipment for all possible seagoing boats.

The CHAIRMAN. I am referring to small boats.

Colonel WATSON. They have to go out in rough weather.

The CHAIRMAN. You think that under some possible contingencies they might have to go out?

General OLMSTEAD. I understand so.

SPREAD OF PRODUCTION ORDERS

Mr. SNYDER. Mr. Chairman, I want to make this preliminary statement: I think my committee will agree with me when I say that of all the branches of the Government service, I have come in contact with in my 6 years of rather intimate dealing with different groups in the Army, I think the Signal Service has had one of the biggest jobs. They were under the necessity of procuring new and different types of equipment from that previously used, and the bottleneck they got out of last year required a tremendous effort. I think the Government is very fortunate in having General Olmstead in this service at this particular time with the staff that he has around him.

Now, General, you said that there were some major firms. How many subcontractors do they utilize?

General OLMSTEAD. General Colton can answer that.

General COLTON. There are some 20 prime contractors. We have 20 prime contractors and we also have about 1,500 smaller prime contractors.

Mr. SNYDER. Do you have reason to believe that most of the small contractors or firms that can do this type of thing are having an opportunity to do it?

General COLTON. All of those who can do it and are willing to do it, have had a reasonable opportunity to bid, and most of them have contracts. With the cutting off of civilian luxuries, some of them are in this business now.

Mr. SNYDER. That is gratifying, because many of the small concerns have been complaining that they do not have an opportunity to get any work, and I am glad to know that the Signal Service has filtered it down to the small contractors.

STUDENT TRAINING

Mr. LUDLOW. I heartily agree with what Mr. Snyder said about the importance of this branch of the military service. I notice in your general statement you say that these estimates cover a provision for an increased number of students who are taking training. What would that increase be in these estimates?

General OLMSTEAD. Do you mean in dollars?

Mr. LUDLOW. In the number of students. You make a provision here for an increase, and I want to know how many students you would have in training.

Major MAUDE. We plan to keep enough students in training so as to keep ahead of the demand.

Mr. LUDLOW. Do you feel that adequate provision is being made to train young men in this particular branch of the service?

General OLMSTEAD. Yes, sir; of course, we have difficulties, but the answer is "Yes."

UNIT COSTS

Mr. LUDLOW. As to your unit costs, you stated that with the exception of novel or new items, you can get a good idea of the prices on items that have been previously contracted for?

General OLMSTEAD. Yes, sir.

Mr. LUDLOW. In view of that, I wonder if the manufacturing establishments are so set up and equipped, with their tools, and so forth, that we might reasonably expect some reduction in the unit costs for these various devices. Has there been any reduction in any of them?

General COLTON. There has been a reduction in some, and a slight increase in others. The general level remains about the same.

General OLMSTEAD. I think one reason why we do not get more reductions—and I attempted to bring that out in my statement—is that the manufacturers are paying time and a half in many instances to speed up deliveries.

Mr. LUDLOW. On account of the exigencies of the situation, and the rush, they have to pay time and a half.

General OLMSTEAD. When we send in our laundry and want it back the same day, we must pay extra for it.

Mr. LUDLOW. Of course, where they are setting it up initially, the unit cost might be pretty heavy, but when they get things shaken down and on a more efficient basis, it seems to me that there should be some reduction in the unit cost.

General OLMSTEAD. I would like to have Colonel Snow, of the Legal Department, tell you what we have done to get that in hand.

Colonel SNOW. Information on prices is obtained through the cost ascertainment system, and on many of the items we have had previous experience, but in the case of new items, where we have not had the benefit of the experience, the cost determination is more difficult.

General OLMSTEAD. There is another thing we have done: We have directed them to go back over the large contracts that were not let on a competitive basis, and examine them to see if any of them were high or out of line.

Mr. LUDLOW. I notice you have an increase necessary to meet the requirements for speed-up. How is that administered? Do you give a bonus for speeding up, or how is that administered?

General OLMSTEAD. There is no bonus for speed-up. The additional sum will be used only if necessary to insure early delivery.

Mr. LUDLOW. In other words, why is this considered necessary?

Colonel HELMICK. The plan is to hold this item in reserve to meet the increase in cost. It is a reserve which will allow us to meet various emergencies, such as an increase in force and losses in transportation.

Mr. LUDLOW. Then, it is not a speed-up proposition?

Colonel HELMICK. It is to handle the increased cost of the speed-up and the possible loss in transportation. It is a reserve which will be held in the administration of these funds.

Mr. LUDLOW. It does not involve a bonus for extra early delivery?

Colonel HELMICK. No, sir.

Mr. STARNES. General, how are your various items secured—through contracts with private manufacturing companies, or do you have any manufacturing concerns of your own?

General OLMSTEAD. We have none whatever.

Mr. STARNES. All of your items are produced, then, in private concerns?

General OLMSTEAD. Yes, sir.

Mr. STARNES. Your laboratory and research facilities are of inestimable value in that they are constantly seeking and finding new uses, new devices and more efficient devices, and then you have those integrated in all of your latest designs when you let contracts for their manufacture?

General OLMSTEAD. Yes, sir; or we take a commercial item and our laboratory will adapt it to get it in proper physical shape for use in the field.

Mr. STARNES. General Ayres until recently had been giving us a progress report on the procurement program of the entire Army and the brightest spot in there, all the way through, was the procurement program for the Signal Service. In other words, in the reports he gave us, your deliveries were more nearly up to schedule, or ahead of schedule, than any other branch of the Service. How is that record being maintained at the present time?

General OLMSTEAD. Well, it is getting better, but it does not suit me yet by a long ways.

Mr. STARNES. Do you feel your training is progressive, in that you are taking the best advantage that you possibly can of the facilities available to you to train both officers and men in the use of these various Signal Corps instruments?

General OLMSTEAD. Well, I can say this: They have not in the past, but we have worked out arrangements so that they will. If you want details, training is a big subject and I am prepared to answer any questions, Mr. Starnes, but I think with our present arrangements we are going to meet our requirements.

Mr. STARNES. In your work, you have to supervise and arrange for the manufacture and delivery of signal equipment for all branches of the service?

General OLMSTEAD. That is correct.

Mr. STARNES. For the Air Corps, Ordnance, Infantry, Cavalry and all of those various branches of the Service?

General OLMSTEAD. That is correct. You see, the Signal Corps is both a combat arm and a supply service.

MARGIN OF PROFIT BY PRODUCERS OF SIGNAL EQUIPMENT

Mr. WIGGLESWORTH. General, what margin of profit do you allow in respect to this work that is being done for you by this limited number of concerns?

General OLMSTEAD. I cannot answer that.

Mr. WIGGLESWORTH. Have not you any idea as to the range of profit? How can you determine these prices are reasonable, as you indicate they are in your opinion, if you have no idea on that score?

General OLMSTEAD. Where we have purchased items before, we have a line on those. Where it is a brand new item——

Mr. WIGGLESWORTH. What is the range of the items you know about?

General OLMSTEAD. They embrace a great percentage of the items.

Mr. WIGGLESWORTH. Can you give us the minimum and the maximum on the items you know about?

General COLTON. We know very close to the correct cost of substantially all of the items.

Mr. WIGGLESWORTH. What I want to know is what is the margin of profit that you include in your cost.

General COLTON. We have not included any in the cost, because we have had competitive bids on those and, under the law, we gave the contract to the lowest bidder.

Mr. WIGGLESWORTH. And you do not know what the margin of profit is in respect to any one of those items?

General COLTON. Until recently we have not had an auditing system, but have relied on competitive bids to insure reasonable prices.

Mr. WIGGLESWORTH. I understood you to say those were not purely competitive; that you had a contest here and there where there was more than one firm to deal with, but they were not truly competitive bids.

General COLTON. We are going into that now, and therefore are setting up this auditing system.

Mr. WIGGLESWORTH. So, to date, you cannot tell us whether there is an exorbitant amount of profit in any one of these items?

General COLTON. Yes; we can tell you whether there is an exorbitant profit.

Mr. WIGGLESWORTH. How do you know, if you do not know what it is?

General COLTON. We have determined, as I say, practically all of this, by competitive bidding before, which has always been considered to establish the correct price. Now that we have been authorized and directed to speed up and to limit competition in the interest of speeding up, we have negotiated some contracts down to these competitive prices, and in some cases getting even lower than the competitive prices on account of increased quantity.

As regards certain special equipment, we established some of those prices by competitive bidding and others are now being negotiated. We have set up the agency that General Olmstead has spoken of to determine that prices are fair. We have not actually got that system working as yet, so far as auditing these large contracts recently placed is concerned.

Mr. WIGGLESWORTH. It would seem to me if we are going to get away from competitive bidding it is absolutely vital that we know what the actual costs are; otherwise we are going to be involved in a scandal later on.

General OLMSTEAD. I agree with you, but the pressure to get those things was so great that we have gone ahead, and now we are organizing this system to go back over these contracts and look into them.

Mr. WIGGLESWORTH. To what extent are fees in this picture?

General OLMSTEAD. You mean brokers?

Mr. WIGGLESWORTH. Yes.

General OLMSTEAD. None.

Mr. WIGGLESWORTH. Everything is done directly between you and the firms that you deal with?

General OLMSTEAD. Yes, sir. And I am very glad to say that we deal with old established industries.

(After discussion off the record.)

Mr. ENGEL. You say that the question of commissions or brokers' fees are not included in the cost?

General OLMSTEAD. We have not dealt with a single broker that I know of.

Mr. ENGEL. I am not saying you have dealt with brokers, but you do not know whether or not in the subcontract there was any brokerage fee between the firm contractor and the subcontractor?

General OLMSTEAD. Oh, no; I would not know that.

Mr. ENGEL. You have no way of knowing that at all?

General OLMSTEAD. No, sir.

Mr. ENGEL. And if you go into this matter of the cost——

General OLMSTEAD. We will find out.

Mr. ENGEL. Will you go back into that phase of it?

General OLMSTEAD. I intend to.

(After discussion off the record.)

Mr. CASE. General, you spoke about training schools. How long a period of training do you give them?

General OLMSTEAD. Three months.

Mr. CASE. With respect to this section which you have set up to go into the accounting, in the Legal Section, what power do they have to correct evil conditions if they find them?

General OLMSTEAD. Only to report them to me and I report them to my military superiors. Now in the War Department, as you know, the Under Secretary of War is charged with procurement supervision by the National Defense Act, as amended.

Mr. CASE. You stated you hoped to have at least much of this stuff subcontracted through your main contractors?

General OLMSTEAD. We insist on it in the contract.

Mr. CASE. Have you been successful in getting them to subcontract in the past?

General OLMSTEAD. Yes; and some of them have gone up as high as 75 percent of subcontracts.

Mr. CASE. What is the dividing line in responsibility between the Army and the Navy in detecting the approach of a hostile airplane?

General OLMSTEAD. Well, that is prescribed in the joint Army and Navy action; there is a whole pamphlet on it and it goes into the whole question and outlines it and delineates it. It is quite complicated.

Mr. CASE. It is quite complicated?

General OLMSTEAD. Yes; it is.

Mr. CASE. Is there any way in which it could be simplified?

General OLMSTEAD. I understand the military and naval chiefs are going into that problem right now.

(After discussion off the record.)

Mr. CASE. Is the type of equipment that this noncommissioned officer used at Pearl Harbor—I have reference to when he was staying overtime—

General OLMSTEAD. Lockhart?

Mr. CASE. Lockhart, and he did make a report of some airplane detection—is that type of equipment covered in some of the funds requested here?

General OLMSTEAD. Yes; it is.

Mr. CASE. Are we getting equipment of that type?

General OLMSTEAD. Yes, sir.

(After discussion off the record.)

Mr. JOHNSON of West Virginia. General, you are with the Army; are you not?

General OLMSTEAD. Yes, sir.

Mr. JOHNSON of West Virginia. And I imagine you gentlemen are willing to confess that you do not know very much about business?

General OLMSTEAD. I would like to say I have had charge in the past of one of our largest depots. I ran the supply—

Mr. JOHNSON of West Virginia. I mean your business is not—

General OLMSTEAD. I am not an industrialist.

Mr. JOHNSON of West Virginia. You are not an industrialist; you are a fighter?

General OLMSTEAD. Well, I hope I am.

Mr. JOHNSON of West Virginia. Who have you down there in the Department who is an industrialist outside of a dollar-a-year man?

General OLMSTEAD. I would like just briefly to explain our organization.

Mr. JOHNSON of West Virginia. You can answer that question: Have you anybody down there who is an industrialist?

General OLMSTEAD. I do not have in my own organization, but the Under Secretary of War does have, and we get assistance from him.

Mr. JOHNSON of West Virginia. But have you anybody in your Department who is an industrialist, who understands the making of contracts and all that sort of thing?

General OLMSTEAD. We have a legal man who understands making contracts.

Mr. JOHNSON of West Virginia. Well, as a lawyer. I am one myself, and I would not be worth a damn in making contracts.

General OLMSTEAD. I would not say that.

Mr. JOHNSON of West Virginia. What I am asking is have you an industrialist, outside of a dollar-a-year man?

General OLMSTEAD. The Army has an Army Industrial College that studies nothing else, and officers went there and did their best to qualify to handle it. In addition a number of our officers are graduates of the Harvard Graduate School of Business.

Mr. JOHNSON of West Virginia. Now Mr. Chairman, I want to make this suggestion, that we get some of these industrialists who are complaining about these contracts to come in here before us and let them make a statement. We only get one side of this thing, and from a group that does not know a darn thing about business, and I want to know something about this, because we are an investigating committee as well as an appropriating committee. Now we do not hear anything but one side of this, and we have complaints from all over the country that the Army people and Navy people are going about this thing in the wrong way and doing things that they ought not to do, and let us bring in some industrialists, half a dozen of them, and get their side of it.

The CHAIRMAN. Thank you, General Olmstead. And may I say, General Olmstead, you have given us an exceptionally able and satisfactory justification.

General OLMSTEAD. Thank you, sir.

THURSDAY, FEBRUARY 12, 1942.

AIR CORPS

STATEMENTS OF BRIG. GEN. H. J. F. MILLER; LT. COL. A. W. MARTENSTEIN, AND LT. COL. R. S. MACRUM

The CHAIRMAN. General Miller, we have before us, in House Document 615, an estimate for the Air Corps, Army, of \$167,440,000.

General, we are somewhat surprised to get this estimate. We took it for granted that we had made ample provision for the Air Corps a few days ago, and yet we have before us an estimate of \$167,440,000.

We would like to know what is the need for this additional fund so soon after we made what we thought was ample provision.

General MILLER. Mr. Chairman, I would like to answer your question by saying that I represent the Chief of Air Corps in connection with this estimate and we act simply as the procuring agency to buy certain things which other branches need.

[Discussion off the record.]

COST OF INSPECTION

The CHAIRMAN. In the justifications, General Miller, we have an item for cost of inspection. Is that for 1 fiscal year or 2 fiscal years?

Colonel HELMICK. Mr. Chairman, this is an inspection factor which is applied to the cost of the equipment included in these estimates. Some estimates, such as Ordnance, include inspection in the basic cost, which is quoted. The Air Corps prefers to set that out as a separate factor. This is the inspection cost pertaining to equipment in this procurement, and will extend until the equipment is delivered.

PILOT TRAINING

Mr. RABAUT. I would like to ask some questions with reference to training pilots.

Mr. TABER. We asked some questions yesterday of Under Secretary Patterson and General Knudsen as to how many of those pilots from the Civil Aeronautics School are in the Army pilot training set-up, and somebody from the Air Corps was going to give us that information.

Colonel MARTENSTEIN. Up to the October class 5,173 have entered the elementary courses and of this number 4,623 graduated. No statistics are kept beyond the elementary course as to the students by source, since the greater proportion of "washouts" are obtained in this course.

Mr. TABER. I wanted to know about the men from the Civil Aeronautics School who had come into the Army pilot training.

Colonel MARTENSTEIN. There was also an experimental class of 63 which entered the basic course direct. Of this number 52 graduated.

Mr. RABAUT. My information is that there have been 70,000 pilots trained under the C. P. T. program and that over 21,000 have gone into the armed services, 3,000 being in the service in Canada and England, and that three-fourths of the R. A. F. Eagle Squadron are graduates of the C. P. T. training school.

Colonel MARTENSTEIN. The figures I have quoted pertain only to the Air Corps.

Mr. RABAUT. What I want to know is whether you have taken these pilots, and the extent to which they come from your secondary course. You have four courses—primary, basic, advanced, and special.

Colonel MARTENSTEIN. Yes, sir.

Mr. RABAUT. You take them into your basic course from the secondary course of the C. P. T., but you take some of them out from the secondary course of the C. P. T. You also put them into what are called cross country, commercial and industrial courses, and from the industrial and commercial courses you establish them as being in the noncombatant branch of the Army, and as you know, they serve with the Pan American Airways in passenger service and also as instructors for the C. P. T. These same instructors in the C. P. T. that have proved themselves to be seasoned instructors sometimes become instructors in the Army courses, and new instructors from their courses take their places.

You go on from this commercial group and you also put them in one of the multiple-engine courses having to do with planes with two or more motors.

There is general recognition of these men but they are never given any credit for what they learned in the C. P. T.

I wonder if there is going to be any change in that, or whether you are going to treat the C. P. T. as a sort of orphan child.

I am strong for the C. P. T. because I made a good deal of a study of it, and it covers every part of the country.

I wonder if somebody can tell us how far the C. P. T. will be recognized in the matter of supplying pilots.

Colonel MARTENSTEIN. For a time we did not give credit in hours for any of the civilian pilot training. We sent all trainees through the elementary course, regardless of whether they had any civilian pilot training or not. It is my understanding that our experience in placing some of these men directly in the basic course, did not work out so well.

Now we allow credit wherever possible. However, we do not allow an arbitrary credit for C. P. T. training. The student is given a flying test, and based upon his showing in that test he is given a credit of so many flying hours.

Mr. RABAUT. Last year we called the representatives of the Army before the subcommittee of this committee, which has charge of the civil aeronautics appropriations, of which I am the chairman, and while they made the claim that you have made, that those men did not do so well, yet their own figures disprove it, from their own ratings. In fact, those men did better than your men.

Colonel MARTENSTEIN. By 12 percent, that is right.

Mr. RABAUT. The Navy sees fit to recognize them, but the Army does not.

Colonel MARTENSTEIN. The Army is now recognizing their training.

Mr. RABAUT. That is what I want you to do, because we hope to do something for the C. P. T. this year, to help them in their pilot training. We hope the Army will give them proper recognition.

Mr. TABER. General, you have an estimate for the procurement of certain items. By what time do you expect to get these items delivered?

General MILLER. I would say about the time prescribed in our plan.

Mr. TABER. Are you going to need some of these things very soon?

General GREEN. I think we will need them very shortly.

Mr. CASE. You have set up a certain percentage of the total appropriation for inspection personnel.

General MILLER. Yes, sir.

Mr. CASE. Do you have any difficulty in getting qualified inspectors?

General MILLER. Not as yet, but the number is thinning out.

Mr. CASE. Do you anticipate any problem in getting a sufficient number of qualified inspectors for the actual procurement?

General MILLER. No, sir.

THURSDAY, FEBRUARY 12, 1942.

MEDICAL DEPARTMENT, ARMY

**STATEMENT OF MAJ. GEN. JAMES C. MAGEE, SURGEON GENERAL,
ACCOMPANIED BY LT. COL. F. C. TYNG, MAJ. PETER I. ROBIN-
SON, AND MAJ. C. R. DARNALL, MEDICAL DEPARTMENT**

The CHAIRMAN. General Magee, we have appropriated for the Medical Department since June 30, 1940, a total of \$165,704,000.

Now I notice you are asking for another appropriation of \$171,-178,000.

What is your justification for an appropriation of that amount on top of what had been considered to be ample provision for the Medical Service?

General MAGEE. Mr. Chairman and gentlemen, the estimate for funds here presented is for equipment to maintain the health of the fighting forces, and to treat, at the earliest practicable time, and in the most efficient manner possible, those who are stricken with illness or injury. In this respect, my Department, thus far during this emergency, is happy to report one of the lowest sick rates on record for any mobilization period. The hospitalization rate approximates around 3 percent; the remarkably low death rate of only two-tenths of 1 percent is unparalleled in any emergency period. The venereal rate of 40.1 per thousand is only slightly higher than the ordinary rate in peacetime, and it is probably lower than the rate in civil life. My Department lends all of its efforts to serving the various components of our Army and maintaining it at maximum effectiveness. The estimate for the Medical Department of the Army, presented herewith, is for funds (1) to purchase equipment for the assembly of hospitals and other medical units to accompany troops, (2) to purchase certain new drugs, serums, and appliances, which have recently proven of value in preventing, treating, and diagnosing diseases, and (3) to purchase medical, dental, surgical, and laboratory equipment for Allied Governments.

We have never had money enough before to buy all the articles needed for the hospitalization of a mobile field force.

The CHAIRMAN. How long do you expect this to supply your needs?

General MAGEE. This is the basic equipment for the troops, to go with the mobile force in the field, for general hospitals, station hospitals, and surgical hospitals.

The CHAIRMAN. To be used only when and if the Army is in actual combat?

General MAGEE. Yes, sir.

The CHAIRMAN. Are you having any difficulty in getting surgical instruments or drugs?

General MAGEE. We have not had difficulty with the drugs; we did have some difficulty about instruments, but that has been ameliorated.

Colonel TYNG. The surgical-instrument situation is fairly well in hand, but in connection with drugs we are only running into trouble as the basic raw materials are required for other purposes. I will cite alcohol as an example. Alcohol is a general solvent, and the other

services are needing great quantities of alcohol. We are sometimes having a little delay in getting delivery of drugs.

Mr. SNYDER. Have you already had equipment sufficient to send to hospital units in Iceland and Trinidad?

General MAGEE. Yes, sir; everything has been supplied.

Mr. LUDLOW. During the World War I am told that there were a great many nonessential items on your medical supply table. I would like to ask if you have deleted nonessential items.

General MAGEE. We have done that as far as possible. As medical practices change, the use of drugs changes and you may find on drug store shelves drugs or instruments that had been in vogue a short time before, but which are not at present in use.

Mr. LUDLOW. Can you furnish a list of items that have been deleted from the supply table?

Colonel TYNG. That has been a process going on over 20 years' time. We have not the personnel or the time to arrange such a list. It would be a very voluminous list.

Mr. O'NEAL. Do you have a price list of the more important drugs?

Colonel TYNG. We have a price list for everything we use, and we can supply that.

Mr. O'NEAL. Will you put that in the record?

Colonel TYNG. We can furnish it to the committee.

MEDICAL ATTENTION, SOLDIERS

Mr. RABAUT. Would you be able to tell us something about the procedure of a lad who is sick in camp, and how he proceeds to get attention?

I heard of a case of a young fellow who did not feel very well and went to his superior officer and complained about it. Whereupon his superior officer put his hand in his pocket and gave this lad a pill. Is that regular procedure?

General MAGEE. That is entirely wrong.

Mr. RABAUT. Now he is in a hospital in Washington.

General MAGEE. The purposes and practices of the Medical Department are based on an entirely different concept. Any soldier who is sick is supposed to report to his medical officer for treatment. It is the duty of the organization commander to see that such a man is examined and treated and, if there is the slightest indication that hospitalization is necessary, he is sent to the hospital. I would not think of condoning any other practice.

Mr. RABAUT. In this particular case the boy did finally land here in a Washington hospital. He is in Walter Reed Hospital now, and he has pneumonia. He was given a pill by some officer of his unit.

Mr. ENGEL. I had knowledge of a case where a boy came back home, and he was on leave, and in about 48 hours he developed appendicitis. He went to the hospital. It was an emergency case, and he went to a mercy hospital. I was told you only took care of these men when they were on leave in the first 24 hours, and that after that you do not take care of them. Why is it that a hospital, a charitable institution, has to take care of an American soldier, and the doctor who performs the operation gets no compensation? I was

told that that doctor had no way of getting compensation. Is that the rule?

General MAGEE. That is the way the law reads.

Mr. ENGEL. Do you mean that if these boys are stranded on leave and have to have medical attention they are subject to charity?

General MAGEE. May I recite the law?

Mr. ENGEL. I do not question the law. If that is the law, it should be changed.

Colonel TYNG. The Congress wrote the law into the appropriation language applicable to the Medical Department. The Medical Department has made suitable recommendations to the War Department, with the hope that Congress will take sympathetic action to cover these cases.

Mr. ENGEL. A good many of these men who go back home and are stranded can not get care in a good many places. The doctor will not operate.

General MAGEE. There are a good many cases of that sort.

Mr. STARNES. It takes congressional action to change that.

Colonel TYNG. That matter will come to Congress for action. It will depend on Congress.

DELIVERY TIME OF MATERIAL

Mr. TABER. General, within what time are you going to get this equipment that you are talking about here?

Major ROBINSON. Our objective is to get it this year.

Mr. TABER. On what basis do you need it?

Major ROBINSON. We need it to have equipment for the troops.

Mr. TABER. For what troops, and how many?

Major ROBINSON. For 3,635,000 troops.

Mr. TABER. How much equipment have you now? Have you not enough for three or four million men?

Major ROBINSON. No, sir; we have equipment for only 1,800,000 men.

Mr. TABER. That is all we have given you.

Major ROBINSON. Yes, sir.

Mr. TABER. Is this all for our own set-up, or is any of it for other countries?

Major ROBINSON. Of this amount \$51,900,000 is for defense aid; for Britain and other Allied Governments.

Mr. TABER. You have to have this right away, as soon as you can get it, and you really think you can get it in the time you mention?

Colonel TYNG. I would like to say that in connection with the appropriations for 1941 I set before this committee the fact that we hoped to get our equipment, after we received the money, in 270 days. We have not quite made that objective. We are making every effort, in connection with this appropriation, to get this equipment by the end of the year.

Mr. TABER. Have you got delivery on the things for which you have previously had money?

Colonel TYNG. Not yet, sir.

Mr. TABER. You have gotten some with the 1941 money, have you not?

Colonel TYNG. Yes, sir; we have practically all deliveries, I think, with some exceptions.

Mr. TABER. How about the 1942 money?

Colonel TYNG. We have not gotten all deliveries on that.

Mr. TABER. You have not any?

Colonel TYNG. We have some.

Mr. TABER. Not much?

Colonel TYNG. No, sir; we have not enough to meet the complete program.

Mr. TABER. Is this all for field equipment?

Colonel TYNG. Yes, sir.

General MAGEE. It is for the mobile force.

EQUIPMENT FOR ADDITIONAL GENERAL HOSPITAL

Mr. WIGGLESWORTH. In reference to the items on pages 151 and 152 of the justifications, I understand all those items are for equipment, except the final equipment.

General MAGEE. That is right.

Mr. WIGGLESWORTH. What is the final item in project 7, on page 152, for general hospital?

Major ROBINSON. At the time we came upon the third supplemental estimate there was some question about whether or not the Army would take over a public health hospital, and for that reason the Bureau of the Budget decided that it was appropriate at that time to delete the item for one of the general hospitals carried in the estimate.

Mr. WIGGLESWORTH. It was never presented to Congress then?

Major ROBINSON. No, sir.

Mr. WIGGLESWORTH. Where is that hospital, and what is this hospital?

General MAGEE. That was retained by the Public Health Service. We did not get it.

Mr. WIGGLESWORTH. You are getting it now?

General MAGEE. No; this is a new hospital. This item is for the equipment.

Mr. STARNES. Was some of that equipment held up by reason of a strike at the J. Sklar Co.?

Colonel TYNG. We had a delay of about 45 days on that account.

NURSE REQUIREMENTS

Mr. ENGEL. How many nurses does it require for any army, per 1,000,000 men?

General MAGEE. Roughly, between 6,000-6,500.

Mr. ENGEL. Those nurses will be taken from civil life?

General MAGEE. That is the one source.

Mr. ENGEL. Will you be able to get them?

General MAGEE. We are having a little difficulty. They are not coming in as rapidly as we would like to have them, but I think that is representative of the lag in public thought in respect to our war effort.

Mr. ENGEL. Are you taking any action with regard to training nurses?

General MAGEE. We are asking the nursing institutions to increase their training. The Army itself is not training nurses.

Mr. ENGEL. Have you any funds with which to augment that training?

General MAGEE. No; that is being taken care of by other agencies.

Mr. TABER. We were told by representatives of the Public Health Service when they appeared before us that the Public Health Service was taking care of that.

Mr. ENGEL. The Public Health Service is taking care of providing the needed nurses?

General MAGEE. For the Army and the Navy and for civilian needs.

Mr. CASE. Are you going to waive the present restrictions against using married nurses?

General MAGEE. Our nurses are very much opposed to it. There are so many disagreeable features in connection with having married women in the military service. The vast bulk of nurses will serve in civil life, and married women can serve much better there.

Mr. CASE. You stated that this item under project 7 is for equipment of the general hospital that was deferred. Where is the construction of that hospital provided for? Is that in the funds for the Engineer Corps?

Major ROBINSON. That will come up in the next estimate.

The CHAIRMAN. Thank you very much, General Magee.

THURSDAY, FEBRUARY 12, 1942.

ENGINEER CORPS

**STATEMENT OF MAJ. GEN. E. REYBOLD, CHIEF OF ENGINEERS;
ACCOMPANIED BY COL. R. F. FOWLER, COL. E. E. GESLER,
LT. COL. C. H. CHORPENING, LT. COL. M. M. DAWSON, MAJ.
F. F. MOLNAR, AND LT. M. D. JAMES, ENGINEER CORPS**

ENGINEER SERVICE, ARMY

The CHAIRMAN. General Reybold, we have before us in House Document 615 an item for the Corps of Engineers, for engineer service, Army, for which the estimate is \$1,226,300,000.

Will you explain the need for that?

General REYBOLD. Mr. Chairman, I will make a brief statement which will explain that.

The estimate under consideration is for "Engineer service, Army." It amounts to \$1,226,000,000 and is for the purchase of engineer equipment, and for construction in the theater of operations.

About \$91,000,000 is necessary to procure troop equipment for the increase of the Army to a strength of 3,600,000 men.

About \$522,000,000 is estimated for construction and other operations in various theaters of operations.

The CHAIRMAN. How soon do you expect to get this equipment?

General REYBOLD. We expect to get it by the end of the calendar year, Mr. Chairman.

The CHAIRMAN. I noticed in your statement you mentioned some railway equipment. What would be the character of that railway equipment?

General REYBOLD. That would be locomotives and cars.

CONSOLIDATION OF APPROPRIATIONS

The CHAIRMAN. I notice that in this item you have asked to have all of your funds appropriated as one fund. In view of the fact that we are now approaching the end of this fiscal year, the advantage would come chiefly in the succeeding fiscal year?

Colonel MOORE. The language proposed consolidates the current appropriations for 1942 and the amounts being considered in the pending bill.

The CHAIRMAN. Your current appropriations are practically all obligated at this time. This would have but little application to them?

Colonel MOORE. The language proposed does consolidate the 1942 appropriations, even though already obligated, into one fund.

The CHAIRMAN. You will not really begin to reap the benefit of this, if it is a benefit, until the 1943 appropriations are effective?

Colonel MOORE. We would start to reap the benefit of this consolidation as soon as the bill now being considered is enacted. We will allocate parts of these funds to the commanders in theaters of operation as soon as the consolidated appropriation is available. The resulting benefit will be material.

The CHAIRMAN. When will you start making your allocations?

Colonel MOORE. As soon as this bill is approved.

Mr. SNYDER. It would not be necessary to do this if we did not contemplate taking troops or engaging in construction outside of this country, and it contemplates going outside of the borders of this country, if necessary?

Colonel MOORE. It is also necessary so long as there is an established theater of operation even though it be in this country.

Mr. STARNES. You will continue to give us detailed justifications for various engineering items? You will not set this as a precedent for future peacetime appropriations? You will account to the Committee on Appropriations of the House for the money you expend under this power to consolidate your funds, with 100 percent interchangeability?

General REYBOLD. Yes, sir.

PROCUREMENT OF SAND BAGS

Mr. LUDLOW. I notice there is an estimate for sand bags. That is a rather striking item.

Colonel DAWSON. That is probably a fraction of the amount we will ultimately need. It has been estimated that much more will be necessary for the active theaters of operations.

Mr. LUDLOW. Is it going to be possible to obtain this vast quantity of material?

General REYBOLD. We hope to obtain it by the end of the calendar year.

Mr. LUDLOW. When do you expect deliveries?

General REYBOLD. Deliveries are coming in now. We are continuing to place orders with funds already in our hands.

Mr. TABER. General, within what time will you get all this stuff?

General REYBOLD. We have set a time objective.

Mr. TABER. Do you think you are going to be able to do it?

General REYBOLD. We hope so. It depends on the production.

FOREIGN REQUIREMENTS OF DEFENSE AID MATERIAL

Mr. TABER. Do you know anything about the foreign requirements, as to who has checked on that? That has not been your job, probably.

General REYBOLD. No, sir. They have a defense aid set-up in the War Department General Staff.

Mr. TABER. I know; yes.

TYPE OF CONTRACTS

Mr. CASE. General Reybold, in your domestic construction am I correct in understanding that the trend of the Engineer Corps is away from either this cost-plus-fixed-fee contract or the lump-sum contract and toward bidding on a unit cost basis?

General REYBOLD. We are striving to get our contracts on a unit cost basis. Of course there are some large, complicated jobs where it is absolutely necessary to go to a fixed-fee contract.

EXCESSIVE WAR PROFITS

Mr. JOHNSON of Oklahoma. General, the papers are saying that certain firms are making enormous profits off of some of these war contracts; that one firm, I believe, made \$8,000,000 off of a war contract. I wonder if you could advise the committee if there is any foundation for these statements.

General REYBOLD. You are speaking now of a construction contract; something under the Corps of Engineers?

Mr. JOHNSON of Oklahoma. I am not quite sure whether they have reference to anything under the Corps of Engineers, or not. The news reports are to the effect that enormous profits are being made on war contracts in a general way, and I just wondered whether or not any of that applied to the Army engineers.

General REYBOLD. Of course, we try to prevent any excessive profits. It would be very difficult for me to answer your question, Mr. Johnson, unless you could give me a specific case, and in that event I would be glad to investigate it right down to the ground floor.

Mr. JOHNSON of Oklahoma. I will say to you, General, that I do not know of any specific case, but on the other hand the newspapers are continually telling us that certain firms or corporations are making enormous profits, and that one former Member of Congress is suing some corporation for either \$71,000 or \$170,000 or \$771,000 for profits that he is supposed to have had on a War Department contract.

Mr. CASE. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. CASE. Was that construction or ordnance?

Mr. JOHNSON of Oklahoma. I am not sure.

Mr. ENGEL. I think that was ordnance.

Mr. JOHNSON of Oklahoma. I believe it was.

General REYBOLD. I believe that unconfirmed reports are very unfair to any department. This is a tremendous program, and talking in generalities gets none of us any place at any time.

Mr. JOHNSON of Oklahoma. I agree with you, General; but at the same time there is a feeling that where there is so much smoke there might be a little fire, and I think it is up to the committee to go into that and investigate every possibility of these enormous profits. We do know that people became rich off of World War I almost overnight; that people became millionaires; and I think there is a general feeling they do not want to see that thing happen during this war.

General REYBOLD. I agree with you.

Mr. LUDLOW. General, do you know of any professional brokers that are offering bids in connection with contracts under your establishment?

General REYBOLD. No, sir; I do not know of any.

Mr. WOODRUM. You do not deal with them at all?

General REYBOLD. No, sir.

Mr. WOODRUM. Your contracts are made after your experts have gone into the costs and you know pretty well whether the prices are in line?

General REYBOLD. Yes, sir.

Mr. WOODRUM. And if some contractor wants to be fool enough to employ a broker, there is no way to stop that?

General REYBOLD. No, sir.

INVESTIGATION OF PRICES PAID FOR MATERIAL

Mr. ENGEL. General Reybold, how close do you check the costs of these different items? I mean, have you a cost accountant?

General REYBOLD. You are speaking of the items in this estimate?

Mr. ENGEL. I am talking about any of these items which you are letting contracts for. How do you know whether or not the price which is being bid, even on a competitive-bid system, is a fair price, when we are practically eliminating competitive bidding in the purchase of this engineering and various other kinds of Army equipment?

General REYBOLD. We are not eliminating it.

Mr. ENGEL. But are they not allocating certain factories to certain things?

General REYBOLD. Colonel Seybold can answer that question.

Colonel SEYBOLD. We place most of our contracts—in fact, I would say 95 percent of them—under competitive bidding practice, and take the lowest bid that offers the time of delivery that is required. During the 3 years that I have been a contracting officer, I have found that the prices have risen to some extent, and in the last period of a few months, where we have asked them to go to a 24 hour day and 7 days a week schedule, the price has been increased because of the additional labor costs—time and a half for overtime and double time on Sunday. But prices have remained practically static. In fact, we have some items, the unit costs of which, due to the quantity purchased, have decreased.

Mr. JOHNSON of West Virginia. If that be true now, certainly somebody in the past has been getting some gravy.

Colonel SEYBOLD. I think it is all due to the quantity production.
 The CHAIRMAN. Thank you, Colonel, and thank you, General Reybold.

THURSDAY, FEBRUARY 12, 1942.

ORDNANCE DEPARTMENT

STATEMENTS OF MAJ. GEN. C. M. WESSON, CHIEF OF ORDNANCE;
 COL. H. R. KUTZ

GENERAL STATEMENT

The CHAIRMAN. General Wesson, in view of the fact a very large part of this hearing will be off the record, I would appreciate it if you would supplement your testimony with a brief statement summarizing the justification in full and giving all of the information you can for the record. Will you do that?

General WESSON. Yes; we will prepare one, having in mind, of course, General Moore made a very comprehensive statement.

The CHAIRMAN. Take from the statement you intended to make such material as you think should not go into the record.

General WESSON. We will do our best to give you what you need, sir.

(The statement is as follows:)

In general, the items contained in the present program comprise initial quantities required to meet the equipment objectives fixed by the President. These estimates provide balanced stocks of Ordnance items to meet certain shortages remaining after completion of previous procurement programs. In order to meet the time objectives which have been prescribed, it will be necessary to broaden the base of procurement, expand existing facilities, and create new facilities. Production under existing contracts is being materially speeded up by providing, wherever possible, for placing production facilities on a 24-hour a day, 7-day week basis. It is most important that funds for these items be made available at the earliest practicable date in order that expansion of existing facilities and the creation of additional facilities required may be promptly inaugurated and the production of these items expedited. This is particularly true in view of the fact that practically all Ordnance items of equipment and supplies are noncommercial in nature, and, in view of their complexity, considerable time is required to organize industry for its mass production. No time must be lost in launching this program so as to insure that the prescribed time objectives may be met.

ORDNANCE SERVICE AND SUPPLIES, ARMY

The CHAIRMAN. We now come to the Ordnance Department and the item for "Ordnance service and supplies, Army." General Wesson, we have an estimate here of \$13,252,200,000 for ordnance service and supplies; and before we take that up I would like for you to tell us, if you will, about the progress that is being made under present appropriations in the production of guns, tanks, munitions, and so forth.

(Discussion off the record.)

The CHAIRMAN. Tell us about the new program; what you propose to do with the money requested in the present estimate.

(Discussion off the record.)

UNIT COSTS

The CHAIRMAN. What about your unit costs in this new program? Are you going to be able to manufacture matériel as cheaply or as economically as you have in the program up to this time?

General WESSON. In some cases at a lesser cost and in some cases at a greater cost.

The CHAIRMAN. Where is the distinguishing difference?

General WESSON. While labor and material costs have in general gone up, there is a compensating factor in procurement when you have a large volume to procure. For instance, this procurement program, which involves large orders, will to a large extent, we hope, compensate for increased costs of labor and material.

The CHAIRMAN. You think, then, that the costs are to be considered as reasonable under the circumstances?

General WESSON. I think they are reasonable. Of course, we do not know that this will continue to be true. If there should be a runaway labor market, that will change things very materially.

LIGHT TANKS

The CHAIRMAN. We have had some very disquieting reports about the action of our light tanks, especially on the African front; that we were short on armor and were short on gun power.

General WESSON. On the contrary, Mr. Chairman, the reports that we have from Libya are that our light tank is the best light tank that anybody has produced.

The CHAIRMAN. What about the report that when it was struck by shell the rivets broke loose, killing the operator?

General WESSON. Of course, a light tank is like everything else that is light. It has its limitations. When it is hit at close range by a gun of large firing power, naturally, it will be damaged.

Mr. SNYDER. With reference to the light tanks used in Northern Africa, or Libya, they were most successful, or they would never have been able to traverse the distances they did under such conditions.

General WESSON. Yes, sir. In stamina and reliability, the light tank was excellent.

Mr. TABER. About when do you expect to get substantial deliveries of this material?

General WESSON. We are speeding up the existing program, and also increasing production facilities. We are already increasing many facilities, and will progressively increase them further to take care of this program. Where you have existing facilities and can expand them, you bring in production much more rapidly than you can by creating entirely new facilities.

PRODUCTION FACILITIES

Mr. TABER. How much do you have in this program for facilities?

General WESSON. We will have additional facilities for the all-out program.

Mr. TABER. For this particular set-up?

General WESSON. Yes, sir, and to create adequate capacity to meet time-objectives.

Colonel HELMICK. You will remember that Judge Patterson in his statement said that they were working on a program which would meet the President's second objectives, and that the program had not yet been firmly settled. The facilities for expediting production in these estimates are intended to meet that program. It will also make itself felt to some extent in meeting the requirements of this program, but it is designed primarily to furnish facilities which will permit the War Department to meet the later objective set by the President.

Mr. TABER. Do you know what those objectives are?

Colonel HELMICK. The objectives were set out by the President in his speech of January 6, I believe.

Mr. STARNES. In his speech to Congress?

Colonel HELMICK. Yes, sir. He set certain objectives for tanks, airplanes, antiaircraft guns, and so forth.

General WESSON. And ammunition production. Do not forget ammunition.

Mr. TABER. That is quite an important part of this particular set-up.

General WESSON. Yes, sir.

Mr. TABER. This particular program will not come out in large volume soon, will it?

General WESSON. Oh; yes, sir. We are bringing in new producers every day, but we have to bring them in more and more, to broaden the base of production by more subcontracting, and get the little fellows in and get everybody to work, and get them on a 24-hour-7-day-a-week basis, if possible. That is the objective. The country has the capacity if you can get it converted and working on the job. But, as I say, it is a tremendous program, a stupendous program, and is going to tax everything we have to do it.

(After discussion off the record.)

Mr. ENGEL. Are these 105-millimeter guns the Japs are using over there in the Philippines German-made guns?

General BARNES. I think that their 105 is copied very largely from the German gun.

Mr. ENGEL. It is the German design, in effect?

General BARNES. Very largely.

UNIT COST OF ORDNANCE ITEMS

Mr. ENGEL. Now, General Wesson, do you have or could you give me the name of some third, fourth, seventh, eighth, or fifteenth assistant who could give me some information on the unit cost of these items?

Colonel KUTZ. We have full data available, Mr. Engel. You remember when General Harris and I were up here some time ago, we invited you to come down and discuss our costs.

Mr. ENGEL. It would be under General Harris, would it?

Colonel KUTZ. Yes, sir. We will be very glad to make it available to you.

Mr. ENGEL. Is Colonel Snow in your Division?

Colonel KUTZ. No, sir. If you will come to my office I will be very glad to give you full information on prices, Mr. Engel.

Mr. ENGEL. Do the unit costs include the cost of transportation to the warehouses? What expenses are charged to the unit cost?

Colonel KUTZ. That includes inspection, standard spare parts and accessories that are bought with a certain number of guns. If purchased f. o. b. storage point, cost of transportation from point of manufacture is included.

Mr. CASE. General Wesson, are you on the Army and Navy Munitions Board?

General WESSON. No, sir.

Mr. CASE. Are you on the Munitions Allocations Board of which Mr. Harry Hopkins is chairman?

General WESSON. No, sir.

Mr. CASE. Do you have anything to say with regard to the disposition and division of the ammunition?

General WESSON. No, sir.

CONTRACTUAL AUTHORIZATION IN LIEU OF APPROPRIATION

Mr. CASE. Have you ever had any contractual authority provided in an appropriation bill for things you requested that you failed to use?

General WESSON. You mean where we have gotten money for things and have not used it?

Mr. CASE. Not where you have gotten money, but where you have requested an item and where, instead of giving you the money, the committee has given you contractual authority; have you ever failed to use the contractual authority?

General WESSON. No, sir.

Mr. CASE. If this money were divided into cash and contractual authority, do you anticipate there would be any part of the contractual authority that you would fail to exercise?

Colonel KUTZ. No.

Mr. CASE. Is there any advantage to you in bookkeeping by having part of the request set out in cash and part in contractual authority?

General WESSON. On the contrary, it is more confusing.

Mr. CASE. Do you know of any reason for dividing this, then, between cash and contractual authority?

General WESSON. It should be all cash.

(After discussion off the record.)

CHECK ON COSTS AND PROFITEERING

Mr. CASE. Have you set up any division or section in the Department for the purpose of checking costs, the trend of costs, and possible profiteering in contracts let? I have reference to the fact that this morning General Olmstead testified, I believe it was, that in his legal section he had set up an accounting section with a view to making a constant study of his costs.

General WESSON. I would like to have Colonel Kutz tell you about that.

Colonel KUTZ. We have a similar section, I presume, to the one General Olmstead has. It happens to be in my Fiscal and Legal Division. We have an Audit Supervising Section and a Cost Accounting Section. We have 65-odd new plants producing ordnance items on a cost-plus-fixed-fee basis. Cost data must be compiled and analyzed to determine whether our costs are fair and reasonable.

Mr. CASE. And you use that as a basis for comparing new contracts with old contracts, or new prices?

Colonel KUTZ. Those ordinarily are based on the most recent procurement of similar types, as evaluated by the Audit Supervisory Section and the Cost Accounting Section.

General WESSON. You see, there are two questions; there is the one where you are buying from private sources, and the other is where you are manufacturing, using private operation in these Government-owned plants on a cost-plus-fixed-fee basis.

Mr. CASE. Do you deal with the so-called contract brokers, or do you deal exclusively with the contractors?

Colonel KUTZ. Exclusively with the contractors.

Mr. CASE. Then these reports of people getting commissions for getting contracts are a result, if they exist, of dealings with the contractor and not with you?

Colonel KUTZ. Not with the Government; no, sir.

THURSDAY, FEBRUARY 12, 1942.

CHEMICAL WARFARE SERVICE

STATEMENT OF MAJ. GEN. WILLIAM N. PORTER, CHIEF

The CHAIRMAN. We will take up the Chemical Warfare Service, on page 10 of the bill, and we have General Porter with us.

USE OF GAS IN WARFARE

General Porter, you are asking for \$288,336,000 for the Chemical Warfare Service. I would like to ask you if it be the intention on the part of our forces to initiate chemical warfare, or merely to be prepared to meet it and retaliate in kind if need be.

General PORTER. I do not believe the United States would ever initiate the use of gas in a war.

(Discussion off the record.)

The CHAIRMAN. Is there any evidence of gas being used on the European front?

General PORTER. No, sir; although there is direct evidence that ample preparations for its use have been made.

Mr. TABER. How soon do you expect to get this stuff?

General PORTER. All of this should be available within the time scheduled, Mr. Taber.

Mr. WIGGLESWORTH. To what extent is this material obtained on competitive bidding?

General PORTER. All of it, I think, is obtained on negotiated bidding except certain items which we feel we must manufacture ourselves.

Mr. JOHNSON of Oklahoma. General, I was interested in your statement that they have not used chemical warfare as yet in the war in Europe.

(Discussion off the record.)

PROCUREMENT PLANNING

Mr. ENGEL. General, you made a survey of factories, and so forth, that were capable of making this equipment before the emergency came, did you not?

General PORTER. Yes, sir.

Mr. ENGEL. You were the one department in the Army which had actually gone out and made surveys of factory space and factory facilities which you could use in case of emergency; that is right, is it not?

General PORTER. No; I think that is not true, as regards our being the only department.

Mr. ENGEL. What did your department do in that regard?

General PORTER. It so happens—and I can say this unblushingly because I was not then chief—that the C. W. S. did a fine job of survey and secured educational orders which have allowed us to go ahead very rapidly.

Mr. ENGEL. When did you start that program?

General PORTER. That program was started as far back as 1925, sir.

Mr. ENGEL. And did you go out and make surveys of factories in certain areas capable of making this offensive and defensive gas equipment?

General PORTER. Yes, sir.

Mr. ENGEL. You went out and made a survey of the factories so that you could know where to go to get this equipment produced?

General PORTER. Yes, sir.

Mr. ENGEL. Is not that one of the reasons why you are able to go out and produce this equipment much quicker than you would otherwise?

General PORTER. That is one reason. I think probably there should be added to that, that we were able to lay out an educational program campaign and put out a lot of educational orders which were in advance of the general program.

GAS MASKS

Mr. STARNES. What is the difference between a military gas mask and a civilian gas mask?

General PORTER. The military mask is a much more rugged mask, and will not have much rubber, if any, in its face piece.

Mr. STARNES. What is the basis on which you have made your studies and recommendations with reference to civilian needs in this respect?

General PORTER. I was asked, sir, what I thought about civilian needs, and we complied them on that basis.

The CHAIRMAN. Thank you, General Porter.

THURSDAY, FEBRUARY 12, 1942.

SEACOAST DEFENSES

STATEMENT OF MAJ. GEN. JOSEPH A. GREEN, CHIEF OF COAST ARTILLERY

The CHAIRMAN. We now take up the item for seacoast defenses, and we are glad to have General Green with us. General, you are asking for \$31,769,000 for seacoast defenses. Tell us what you propose to do with this money.

General GREEN. The seacoast defense funds under consideration, amounting to about \$32,000,000, pertain to equipment for our harbor defenses both in the continental United States and in overseas garrisons. The major items are guns and their carriages, fire control equipment therefor, and submarine mine equipment.

These funds are urgently required to expedite current procurement, to provide the necessary funds so that the employment of existing manufacturing facilities need not lapse and be diverted to other purposes, and to permit the placing of orders for those shortages in equipment which exist now or are anticipated in the very near future. There has been no attempt to include equipment, for example, for batteries which will not be completed for some time in the future, although the requirement of this equipment is known to exist.

Of the amount requested, a part represent deficiencies in current procurement programs due to increased costs of labor and materials, and, in some cases, to changes in designs. Much has been advanced, with the consent of the Bureau of the Budget, from the regular estimates for the fiscal year 1943 in order to permit expediting procurement of this equipment.

Mr. TABER. General, is this equipment all for your own service, or does part of it go to the British?

General GREEN. It is entirely for the United States Army. None of it is intended for the allied nations.

Mr. TABER. Within what time do you expect to obligate it?

General GREEN. This \$32,000,000 will to a large extent be suballotted to the Ordnance Department and Signal Corps. We do some purchasing ourselves, but that is for submarine mine equipment only. Practically all of the 32 millions should be obligated almost immediately.

Mr. TABER. Within what time do you plan on delivery?

General GREEN. It is a difficult question to answer because there are so many different items here.

(Discussion off the record.)

Mr. TABER. This is material that you need for your present demand?

General GREEN. We need it very definitely in order to provide adequate defense for the coasts of the United States and overseas.

ANTI-AIRCRAFT EQUIPMENT

Mr. JOHNSON of Oklahoma. I am interested in your statement with reference to the program that you are proceeding with as to anti-aircraft guns. Would you mind telling the committee, off the record, about how much anti-aircraft material you have now?

(Discussion off the record.)

SHORE PROTECTION

Mr. JOHNSON of Oklahoma. What about shore protection? What do you have now in the way of shore protection?

(Discussion off the record.)

Mr. WIGGLESWORTH. Referring to page 201 of the justifications, your page 3, I note that two items at the bottom of the page are listed as "difference between estimated and contract prices."

General GREEN. Those are gun carriages, sir.

Mr. WIGGLESWORTH. What is the explanation of that?

General GREEN. The explanation is that when we originally estimated the amount of money to be appropriated for the manufacture of these carriages we figured it could be done for \$100,000. That figure was furnished by the Chief of Ordnance. We now find that the cost will be about \$113,000.

The CHAIRMAN. Thank you, General Green.

THURSDAY, FEBRUARY 12, 1942.

UNITED STATES MARITIME COMMISSION

CONSTRUCTION FUND

STATEMENT OF REAR ADMIRAL EMORY S. LAND, CHAIRMAN; ACCOMPANIED BY REAR ADMIRAL HOWARD L. VICKERY, VICE CHAIRMAN; CARL F. FARBACH, GENERAL COUNSEL; R. E. ANDERSON, DIRECTOR, DIVISION OF FINANCE; D. E. SCOLL, ASSISTANT TO COMMISSIONER VICKERY; WM. U. KIRSCH, BUDGET OFFICER; J. J. MURRAY, ASSISTANT BUDGET OFFICER; AND W. NEY EVANS, CHAIRMAN, COMMITTEE ON LEGISLATION

The CHAIRMAN. Admiral Land, I am much interested to note that you have recently been appointed in charge of the allocation of all merchant tonnage. I think no better selection could possibly have been made, and this committee heartily approves that choice.

Admiral LAND. Thank you very much, sir.

GENERAL STATEMENT

The CHAIRMAN. Admiral, we have before us in House Document 614 an estimate for the construction fund of the United States Maritime Commission asking for funds as follows:

Direct appropriation for construction.....	\$1, 500, 000, 000
Contract authorization for construction.....	2, 350, 000, 000
Direct appropriation for administrative expense.....	2, 000, 000
Total.....	3, 852, 000, 000

We will be glad to have you give us a statement about that.

Admiral LAND. Mr. Chairman and gentlemen of the committee, my last appearance before this committee was on December 9, 2 days after Pearl Harbor. The estimates for ship construction at that time—made of course, before December 7—for the independent offices appropriation bill, 1943, called for the production of 6,000,000 dead-weight tons of shipping during the calendar year 1943 and another 6,000,000 tons during the calendar year 1943. The shipbuilding program on which those estimates were based—the details of which were developed last fall, before the declaration of war—was designed to give effective aid to the American merchant marine and to carry the implements of war to those nations then at war whose defense was deemed vital to our own defense.

Our sudden precipitation into the war has created a condition where a building program that appeared to be at its maximum must be augmented as a matter of military necessity. The President has directed the Maritime Commission to produce 8,000,000 dead-weight tons of shipping during the calendar year 1942, and a minimum of 10,000,000 dead-weight tons during the calendar year 1943. The estimates contained in the current request are directed toward this expansion of the ship-building program. The stepping up of delivery schedules under present contracts has already been undertaken. I am happy to be able to say that in this effort we have had the full cooperation of the shipbuilders.

Attached are four schedules.

Schedule A reflects the shipbuilding program of the Maritime Commission as of January 31, 1942.

Schedule B contains an over-all picture of the merchant shipbuilding program under way in the United States—that is to say, it contains figures on private ship construction, cargo ship construction for the British Government, and construction for the Army and Navy, as well as construction under appropriations and authorizations to the Maritime Commission.

Schedule C shows the progress of the Commission's program for the construction of shipways as of January 31, 1942.

Schedule D relates to administrative requirements.

The estimates contained in the present request all relate to construction to be performed under what is designated in schedule A as the "long-range program"—meaning shipbuilding by the Maritime Commission with moneys contained in and appropriated to its construction fund.

Schedule A contains the total for the "long-range program," 2,392 ships of 25,785,821 dead-weight tons.

The total estimated completion cost of each of the foregoing categories appears in the schedule just below the figures cited.

Schedule A also contains similar figures for the emergency ship program and the defense-aid program. The emergency ship program relates to the 200 emergency-type ships authorized by Public Law 5, Seventy-seventh Congress, approved February 6, 1941, while the defense-aid program pertains to construction by the Commission with

lend-lease funds. The schedule also shows that six ships are under construction by the Maritime Commission for the Army and Navy. The total of all programs, as shown on schedule A, indicates that the shipbuilding program of the Commission calls for the construction of 2,877 ships of 30,834,421 dead-weight tons at a total cost of \$6,704,464,056.

Schedule B presents a similar picture, with the additions noted above, of ships to be completed during the calendar years 1942, 1943, and beyond. Since it has become necessary for us to make the supreme effort in our shipbuilding production, the Commission has carried its planning beyond 1943. If the need for new construction continues beyond 1943, planning must be done now. It is on this basis that the schedule which has been presented here shows a total construction program in excess of 30,000,000 dead-weight tons.

The total cost for the construction of the 2,392 vessels in the long-range program, together with the necessary facilities, will approximate \$5,976,650,000, as shown by the following tabulation:

Contracts and awards for ship construction to Dec. 31,		
1941-----	493	\$1, 346, 397, 601
Negotiations completed Jan. 1 to 31, 1942-----	759	1, 588, 525, 000
Awards to be made Feb. 1, 1942, to June 30, 1943-----	1, 140	2, 830, 400, 000
Total ships-----	2, 392	5, 765, 322, 601
Facilities-----		150, 000, 000
Refrigeration of ships-----		22, 000, 000
Contingencies for adjustments and increases-----		39, 327, 399
		5, 976, 650, 000
Less contract authorizations granted (but including \$90,000,000 in independent offices appropriation bill, 1943) to date-----		2, 126, 650, 000
Additional contract authorizations required-----		3, 850, 000, 000

The contract authorizations for shipbuilding and facilities heretofore granted to the Commission (including \$90,000,000 in the independent offices appropriation bill, 1943) totals \$2,126,650,000. The contract authorization included in the proposed bill, \$3,850,000,000, represents the difference between the amount heretofore authorized and the estimated cost of the "long-range program."

For the fiscal year 1943 total cash requirements for the expanded program are estimated at \$2,605,350,000, to cover progress payments on both ships and facilities under construction, contracted for, and to be contracted for, before the end of fiscal year 1943. The independent offices appropriation bill, 1943, carries an appropriation of approximately \$964,000,000 for ship construction. Deducting this sum from the cash requirements as estimated above, \$1,641,350,000 would be the additional cash requirements for the fiscal year 1943. At this time, however, the Commission suggests an appropriation in the sum of \$1,500,000,000 for ship and facilities construction. The various adjustments to be made in carrying out the program may result in a revision of estimates either upward or downward. If the former, the Commission will, of course, later have to request further appropriations for the fiscal year 1943.

The details of the appropriation requested for administrative expenditures are contained in schedule D. The sum of \$2,000,000 is requested for additions to the Commission's technical staff, shipyard

inspectors, cost accountants, and auditors to carry out the expended program.

(The statements referred to by Admiral Land are as follows:)

SCHEDULE A.—*Shipbuilding program of U. S. Maritime Commission, as at Jan. 31, 1942*

Type	Long range program, total	Emergency ship program, total ¹	Defense aid program, total	Construction for Army and Navy acceptances, under construction including awards to Dec. 31, 1941	Total all programs
Standard:					
Passenger, C1, C2, C3, and C4 cargo; special cargo, combination; coasters (N3), ore carriers (L6), passenger (P & R):					
Number of ships.....	534		64		598
Deadweight tonnage.....	5,594,746		264,000		5,858,746
Total estimated completion cost.....	2,002,463,132		82,200,000		2,084,663,132
Liberty:					
EC2 cargo:					
Number of ships.....	1,660	200	112		1,972
Deadweight tonnage.....	17,430,000	2,100,000	1,176,000		20,706,000
Total estimated completion cost.....	3,320,000,000	340,000,000	224,000,000		3,884,000,000
Tankers: ¹					
Number of ships.....	158		103		261
Deadweight tonnage.....	2,627,075		1,466,600		4,093,675
Total estimated completion cost.....	407,281,824		244,212,805		651,494,629
Transports and tenders for Army and Navy:					
Number of ships.....				6	6
Deadweight tonnage.....				42,000	42,000
Total estimated completion cost.....				35,608,650	35,608,650
Miscellaneous:					
Concrete barges, ocean tugs; harbor tugs, "Eureka" power boats, wooden barges:					
Number of ships.....	40		(726)		{ 40 2 (726)
Deadweight tonnage.....	134,000				134,000
Total estimated completion cost.....	35,577,645		13,120,000		48,697,645
Total:					
Number of ships.....	2,392	200	279	6	2,877
Deadweight tonnage.....	25,785,821	2,100,000	2,906,600	42,000	30,834,421
Total estimated completion cost.....	5,765,322,601	340,000,000	563,532,805	35,608,650	6,704,464,056

¹ National defense features only on 23 tankers.

² No tonnages shown for harbor tugs, "Eureka" power boats, and wooden barges.

Shipways construction as at Jan. 31, 1942

	Long-range program			Emergency ship program			Defense-aid program			Total shipways	Total estimated costs adjusted to Jan. 31, 1942
	Num-ber of shipways	Estimated costs ad-justed to Jan. 31, 1942	Estimated completion date	Num-ber of shipways	Estimated costs ad-justed to Jan. 31, 1942	Estimated completion date	Num-ber of shipways	Estimated costs ad-justed to Jan. 31, 1942	Estimated completion date		
Alabama Drydock & Shipbuilding Co., Mobile, Ala.	8	\$9,057,067.52	Sept. 1, 1942	4	\$3,164,173.38	Feb. 15, 1942				12	\$12,221,240.90
Bethlehem-Fairfield Shipyard, Inc., Baltimore, Md.				13	16,558,375.00	do.	3	\$3,586,075.00	Feb. 15, 1942	16	20,144,450.00
Bethlehem-Sparrows Pt. Shipyard, Inc., Sparrows Point, Md.	2	3,967,480.00	Apr. 15, 1942							2	3,967,480.00
California Shipbuilding Corp., Los Angeles, Calif.	8	7,993,325.00	Apr. 15, 1942	8	10,658,561.00	Feb. 15, 1942	6	8,030,319.00	Feb. 15, 1942	14	18,697,880.00
Consolidated Steel Corp., Ltd., Los Angeles, Calif.	8	7,993,325.00	Apr. 15, 1942							8	7,993,325.00
Houston Shipbuilding Corp., Houston, Tex.	3	4,051,715.00	Apr. 28, 1942	6	7,662,308.97	Feb. 15, 1942	3	3,055,350.32	Feb. 15, 1942	9	10,717,639.29
Inglis Shipbuilding Corp., Pascagoula, Miss.	15	8,261,150.00	Sept. 1, 1942							3	4,051,715.00
Kaiser Co., Inc., Vancouver, Wash.	8	11,361,568.00	do.							15	8,261,150.00
Louisiana Shipyards Inc., New Orleans, La.	2	1,378,000.00	Apr. 15, 1942	6	6,817,974.00	Feb. 15, 1942				8	11,361,568.00
Moore Dry Dock Co., Oakland, Calif.	1	874,650.00	Feb. 15, 1942							8	1,378,000.00
North Carolina Shipbuilding Co., Wilmington, N. C.				6	6,453,244.00	Feb. 15, 1942	3	3,352,470.00	Feb. 15, 1942	9	9,805,714.00
Oregon Shipbuilding Corp., Portland, Ore.				8	9,516,616.00	do.	3	4,451,949.00	do.	11	13,968,565.00
Pennsylvania Shipyards Inc., Beaumont, Tex.							3	2,580,927.00	do.	3	2,580,927.00
Pusey & Jones Corporation, Wilmington, Del.	1	1,311,310.00	Mar. 15, 1942							1	1,311,310.00
Ritchie Shipbuilding Corp., Richmond, Calif.	3	3,647,896.00	do.				6	5,828,654.00	Feb. 15, 1942	9	11,476,550.00
San Diego-Tacoma Shipbuilding Corp., Tacoma, Wash.	5	2,975,000.00	Feb. 15, 1942							5	2,975,000.00
South Portland Shipbuilding Corp., South Portland, Maine.	2	1,969,775.00	Apr. 15, 1942				4	210,017.00	Feb. 15, 1942	6	6,179,792.00
Sun Shipbuilding & Dry Dock Co., Chester, Pa.							12	15,901,788.00	do.	12	15,901,788.00
Western Pipe & Steel Co. of Calif., South San Francisco, Calif.	2	1,912,055.00	Feb. 15, 1942							2	1,912,055.00
Hendy Iron Works, Joshua, Sunnyvale, Calif.	3	388,000.00						800,000.00		4	188,000.00
American Shipbuilding Co., ¹ Cleveland, Ohio		273,000.00									273,000.00
American Shipbuilding Co., ² Lorain, Ohio		127,000.00									127,000.00
Great Lakes Engineering Works, ⁴ Ashtabula, Ohio		195,000.00									195,000.00
Great Lakes Engineering Works, ⁴ River Range, Mich.		40,000.00									40,000.00
Total	50	65,754,021.52		51	801,252.35		43	51,815,549.32		144	178,400,823.19

¹ Basins.² To reconition existing shipways and provide moveable equipment.⁴ To provide the required amounts for dredging and moveable equipment.³ Plants for the construction of turbine and gear sets.

TONNAGE TO BE BUILT

The CHAIRMAN. Admiral Land, I notice that under your plan which you give in your statement as having been reached and recommended prior to Pearl Harbor you provided for 6,000,000 dead-weight tons for calendar 1942 and 6,000,000 dead-weight tons for calendar 1943.

Admiral LAND. Yes, sir.

The CHAIRMAN. And the new plan increases that program from 6,000,000 to 8,000,000 for 1942 and from 6,000,000 to 10,000,000 for 1943. That would be a 50-percent increase?

Admiral LAND. Yes, sir; from 12,000,000 to 18,000,000.

The CHAIRMAN. And this is to be used in war and in commerce.

Will you explain how you propose to handle this in the theater of war and in commerce?

(Discussion off the record.)

The CHAIRMAN. In the Commission's building program as outlined when you brought it before the subcommittee in charge of the independent offices appropriation bill, according to your program then you proposed then a tonnage estimated at 14,706,600 dead-weight tons. As the estimate is before the committee now this is expanded by the new estimate to an increase in tonnage of 16,127,821 tons?

Admiral LAND. Yes, sir.

The CHAIRMAN. Making a total tonnage of about 30,834,421 tons?

Admiral LAND. Yes, sir.

The CHAIRMAN. How much had been actually completed at the end of the last calendar year, on December 31?

Admiral LAND. There were 134 ships completed as of December 31. You will find that in the first column of schedule B.

The CHAIRMAN. That leaves how much to be completed as of that date?

Admiral LAND. In the calendar year 1942 we hope to complete a grand total of construction of 786 ships of around 7,995,000 tons. That you will note includes private construction and British construction.

Of course, we are more specifically concerned with our own program, and not with the British and not with the private ships. I thought you would want the whole picture, and that it would be well to have it available to see what the over-all set-up will be. Of course, we cannot prognosticate what private people can do, but we are convinced that they cannot do much of anything if they wanted to, because in a sentence the shipbuilding goal of the United States includes the Navy, the Army, the Coast Guard, private construction, and ours is an effort to get the requirements in a combined goal.

The shipbuilding cup is full to overflowing.

LIBERTY SHIPS ("UGLY DUCKLING" TYPE)

The CHAIRMAN. I notice according to your original schedule you were to have 200 vessels of the "ugly duckling" type and 6 vessels for the Army and the Navy, and that you make no change in that.

Admiral LAND. No, sir.

The CHAIRMAN. And you were to build 300 vessels under the lend-lease program in the original schedule, but now you propose to build only 279. That is a decrease of 21. What is the reason for that decrease?

Mr. KIRSCH. The lend-lease program has jumped from 300 to 555 ships today, but of those 555 there are 26 harbor tugs, 50 wooden barges, and 200 "Eureka" powerboats, small craft. We have left out these 276 small craft because we show no comparable tonnage. The 279 are cargo ships and tankers—dead-weight tonnage of 2,906,-600.

The CHAIRMAN. It is not a real decrease?

Mr. KIRSCH. No, sir; it is an increase in the number of ships, but 279 ships are shown in order to show the tonnage. We show no tonnage of the smaller craft.

LONG-RANGE PROGRAM

The CHAIRMAN. Your long-range program shows an increase from 916 ships on the schedule in December to 2,392, or an increase of 1,476 vessels.

Mr. KIRSCH. Yes, sir.

The CHAIRMAN. The total estimated increase in cost is \$3,634,000,-000, but you are here asking for \$3,850,000,000.

What is the estimated total cost of the increased number of 1,476 ships. What part of this is for them, and what part is for increased cost for the rest?

Mr. KIRSCH. The 916 ships were estimated to cost about \$2,100,-000,000. The present bill would increase the number of ships to 2,392, total cost \$5,765,322,601.

The CHAIRMAN. The increase is from 916 to 2,392?

Mr. KIRSCH. Nine hundred and sixteen was the number proposed under the independent offices appropriation bill under the long-range program, but that has jumped to 2,392 under the same program.

The CHAIRMAN. That is an increase of 1,476 vessels?

Admiral LAND. Yes, sir.

The CHAIRMAN. The total estimated increased cost of the whole program is \$3,634,000,000. You are asking here for \$3,850,000,000.

What is the estimated total cost of the increased number of 1,476 ships and what is the cost or the accelerated increased cost of the rest of the program?

Admiral LAND. You are taking the cost of the ships we have today; the cost of the shipway construction, which is on schedule C, indicates the increase at the various yards, and you will also notice at the bottom of the table showing that same increase that it has a direct bearing on shipyards, such as the Hendy Iron Works, which is an engine-building outfit. Some of that increase differentiating between those two figures is brought out on schedule C.

The CHAIRMAN. That increase is due to building shipways?

Admiral LAND. Yes, sir. I think it is brought out in clearer form on page 4 of my statement.

On that page we tried to figure the contracts and awards for ships up to December 31, 1941, and that number is 493. Then for negotiations completed from January 1 to January 31, 1942, the number was 759, and the cost of those two items is given, and also the cost of awards to be made, numbering 1,140, and the cost for the total number of ships, numbering 2,392, the figure you mentioned, and the total cost estimated.

The CHAIRMAN. That fails to show, however, Admiral Land, how much of this you had planned before, and how much you plan under the present program. You do not segregate those. I suppose you can do that?

Admiral LAND. Yes; we can. We can segregate them in any form the committee desires.

The CHAIRMAN. You can supplement your testimony with a statement showing that.

Admiral LAND. Yes, sir.

(The statement referred to is as follows:)

Long-range program

Estimates of program revised to Jan. 31, 1942:

Ships, 2,392 (dead-weight tonnage, 25,785,821).....	\$5, 765, 322, 601
Facilities.....	150, 000, 000
Refrigeration of ships.....	22, 000, 000
Contingencies.....	39, 327, 339

Total.....	5, 976, 650, 000
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Program referred to in independent offices appropriation bill 1943:

Ships, 916 (dead-weight tonnage, 9,308,271) and facilities within limitation of.....	2, 126, 650, 000
--	------------------

Increase: Ships, 1,476 (dead-weight tonnage, 16,477,550), cost... 3, 850, 000, 000

The CHAIRMAN. In schedule A of your statement, the first three columns, covering the long-range program, you have 1,252 ships that have either been completed, placed under construction, or for which awards have been made up to last January. There were only 916 of those in the long-range program prior to December. Does that mean that the balance is for awards for 336 ships?

Admiral LAND. Awards were made early in January of this year for 522; and on January 17, 110 more; on January 19, 28; on January 21, 53; on January 26, 36; and on January 30, 10.

By the first week in February there was a total of 759 contracts all of which were for merchant ships.

The CHAIRMAN. Is that 759 out of the 1,476?

Admiral LAND. That is out of the total.

The CHAIRMAN. There is a figure of 1,476 additional ships here.

Admiral LAND. That is part of it.

The CHAIRMAN. That leaves how many?

Mr. KIRSCH. We will have 1,140 more ships to be awarded to June 30, 1943, under the long-range program.

The CHAIRMAN. Will you be ready to let contracts for 336 of them as soon as the money is ready?

Mr. KIRSCH. Yes, sir.

Admiral LAND. We are ready to let contracts for everything that can possibly be put in the yards and the only items that are not differentiated here are some 20 ships that we intend to have as transports. We will be ready to let those contracts next week.

FOREIGN FLAG TONNAGE TAKEN OVER

The CHAIRMAN. I note that you have here a statement of the building in American shipyards of 60 British ships and 55 for private owners.

To what extent have you taken over foreign ships under the American flag?

Admiral LAND. We have not taken over any of the British ships under the American flag. We are proposing to take their facilities and as fast as they finish with their ways we will put our ships on them.

The CHAIRMAN. You have taken over ships of many other nationalities, including the Dutch, the Norwegian, and others?

Admiral LAND. Yes, sir; we have taken over, under a statute passed by Congress, certain Danish, French, Finnish, Italian, and German ships.

The CHAIRMAN. Have you taken all that are available, or are there still some to be had?

Admiral LAND. There are very few. I think three is the latest number we found in the United States.

The CHAIRMAN. Of all the ships you have taken over and that you propose to take over, are they of a standardized types?

Admiral LAND. No, sir; they are the most heterogeneous mass of vessels a man can imagine, ranging from something that ought to go into the junk pile up to the ship only completed within the month.

The CHAIRMAN. To what extent are they in a position to be converted for war purposes?

Admiral LAND. A large majority of them are already converted for essential cargo-carrying purposes at the present time. Many of the Italian ships and one or two of the German ships were sabotaged.

The CHAIRMAN. You repair them?

Admiral LAND. Yes, sir; we repair them. There are still four or five that are not finished. One or two were in litigation because of the question as to whether a foreign government owned them or whether they were owned by individuals, and the law passed left a legal complication to be determined, so we were very much delayed in getting that question settled.

The CHAIRMAN. So far as the ships are concerned they have been salvaged?

Admiral LAND. Yes, sir.

The CHAIRMAN. Can you salvage the *Normandie*?

Admiral LAND. I would not like to answer that question authoritatively, but I think so far as ultimately salvaging the *Normandie* is concerned the answer is in the affirmative. She has to be moved.

TYPES OF NEW SHIPS PROPOSED

The CHAIRMAN. Are these ships of a type to serve us in normal commerce in normal times?

Admiral LAND. The new ships?

The CHAIRMAN. Yes. How many luxury liners are among them?

Admiral LAND. None.

The CHAIRMAN. They are all serviceable ships that can be used in normal commerce?

Admiral LAND. Yes. The only exception, so far as that program is concerned, is something that Admiral Vickery has designed, of which there are 15 of the C-4 type and 20 of the P-2 type. Those are larger and are capable of being utilized for both passengers and cargo. At the present time they are labeled as "transports."

TRAINING PROGRAM FOR CREWS

The CHAIRMAN. What steps are being taken to see that the crews will be trained to operate this expanded fleet which we expect to operate during the war and after the war?

Admiral LAND. We have taken all practical steps, not only now, but starting in 1937. Those have been augmented. With each augmentation of the ship-construction program the training program has been corresponding augmented.

The CHAIRMAN. To what extent will it be necessary to resort to Coast Guard and naval personnel to do the job?

Admiral LAND. That question is one of military strategy. We have three methods of manning these ships: (a) by the Navy; (b) by the Army; and (c) by ourselves; and you can have a combination with the Army, because they take civilian crews in many of their ships. The Navy does not.

SUBVERSIVE ELEMENTS IN CREWS

The CHAIRMAN. Not so very long ago the newspapers carried rather provocative stories of subversive elements among our crews, alleging that they refused to obey orders, insulted passengers, and otherwise made themselves obnoxious. Has that situation been remedied, if it ever existed?

Admiral LAND. It has existed to some extent. It does exist. It is being remedied, and I think we have the heads of the unions cooperating so that they are really making honest-to-God efforts to eliminate that.

The CHAIRMAN. You do not anticipate any difficulty in the operation of this fleet during the war so far as that is concerned?

Admiral LAND. I would not be as optimistic as that. We have experienced a great many difficulties in operating. But I think we are going ahead to lick the problem the best way we know now.

As for discipline, we are bound to have some difficulties, but I think for the first time since I have been on the Commission there is a wholehearted effort on the part of the labor leaders to correct the situation.

Now, with the labor psychology as it is, that is not going to be cured overnight.

(Discussion off the record.)

TANKERS

The CHAIRMAN. As you stated just now, Admiral Land, some tankers have been sunk off our coast. As a matter of fact, most of the newspaper stories of vessels attacked seem to concern tankers. Does that mean that this submarine campaign is especially directed toward tankers?

Admiral LAND. I think there is no question but that instructions have gone out from German headquarters, if it is humanly possible, and they have a choice, to sink a tanker. Furthermore, there are a great many more tankers operating on the courses and routes in which these submarines are than there are cargo ships, because the coastal operation is as well known to Germany as it is to us, around Venezuela to the north. They know that just as well as we do.

The CHAIRMAN. With that in view, are you prepared to increase the number of tankers?

Admiral LAND. We have tankers under contract and private companies have tankers under contract to make the best and biggest tanker fleet in the world at the end of 1943.

ADDITIONS TO SHIPYARDS AND FACILITIES

The CHAIRMAN. What additions will have to be made to existing shipyards and facilities? That is, is there any money in this bill for additional shipyards and facilities?

Admiral LAND. Yes, sir; there is. I have that broken down in an effort to give you a fairly complete picture. The last column of schedule C shows the total number of ways as 144. We have in mind the addition of possibly 16 to that, and we have specific items of funds for that purpose; and that schedule also includes, as indicated, some of the smaller yards on the Lakes, as well as one engine firm in Sunnyvale, Calif.

The CHAIRMAN. How many of these yards are you using at this time? How many ways are available?

Admiral LAND. There will be 144, and we will increase that to 160. There are actually around 130 or 135 or 140 in use now.

The CHAIRMAN. That means how many ships can be constructed simultaneously?

Admiral LAND. Admiral Vickery's estimate is that a ship of this program will be completed in 103 to 130 days; that is, 60 days on the ways and 45 afterward. I do not know whether we can meet that, but some of these people have proven that they can do it, and some of the new ones have done better than the old ones.

DEFENSE PLANT CORPORATION CONTRACTS

The CHAIRMAN. The Defense Plant Corporation and the Maritime Commission are cooperating, are they?

Admiral LAND. Yes, sir. We have comparatively few Defense Plant Corporation contracts, because we started out on the basis of ship contracts and facilities contracts with nine new yards that we started a year ago this month. Some of these others, however, particularly in gears and valves and pumps, are going into the Defense

Plant Corporation and one or two of these small ship yards on the Lakes are going to the Defense Plant Corporation for facilities.

The CHAIRMAN. What are these complaints that are alleged to have been made to the effect that some of these shipyards that have all the facilities for building are being ignored? What is the policy of the Commission in that respect?

Admiral LAND. We have not ignored anybody that has a proper proposal to put forward; namely, financial responsibility, shipbuilding brains, a proper plant, and the know-how to put up facilities and to build ships. We have purposely not spread it any thinner because of the lack of shipbuilding brains, lack of machine tools, lack of cranes, lack of steel and lack of skilled labor, and so forth.

The CHAIRMAN. Have you standard requisites which would apply to shipyards?

Admiral LAND. Yes, sir.

The CHAIRMAN. The yard must come up to certain specifications and must have certain facilities?

Admiral LAND. Correct.

TYPE OF SHIPBUILDING CONTRACTS

The CHAIRMAN. What sort of contract to you make with them?

Admiral LAND. We make a cost-plus-fixed-fee contract, plus or minus a bonus, so that there is some incentive.

The CHAIRMAN. Do you think that is ample protection to the Government?

Admiral LAND. I think, if I do say it myself, it is the best contract gotten out by governmental agencies, under existing conditions, and I think the lawyers on the Truman committee will confirm that.

The CHAIRMAN. You do not think anybody is making any excessive profit out of you now?

Admiral LAND. No, sir. I think we have the toughest contract put out by any branch of the Government.

The CHAIRMAN. What about this story that was told to the Truman committee—I think I read it in the press—to the effect that one of these ship contractors said that he could not handle his profits with a steam shovel?

Admiral LAND. I understand that refers to the last war. I do not know. It was not a Maritime Commission contract. I know who made the statement.

The CHAIRMAN. Do you think the statement was justified, Admiral?

Admiral LAND. He was talking about some condition that obtained during the last war, and the gentleman has since testified in regard to his activities during this war; and I think he as well as some of the other repair people will have to admit that the repair yards have made too much money. He testified to that effect.

There are three stages in that. Before we were anywhere nearing the war they had humps and hollows of repair work. When they had a tremendous amount of work they made a lot more than they were entitled to. The Navy and the commission drafted a new form of repair contract last year. We are now redrafting that contract which I think will pass muster with any investigating committee; but it is pretty difficult when you have got either a feast or a famine, and they have had that alternately for 2 years or more.

The CHAIRMAN. You are now in a position to stabilize that, are you not?

Admiral LAND. Yes, sir.

The CHAIRMAN. And you are going to do that?

Admiral LAND. Yes, sir.

SHIPBUILDING COSTS

The CHAIRMAN. What about the cost of shipbuilding? What is the trend of cost?

Admiral LAND. The trend is undoubtedly upward. The trend was sent upward to the extent of 15 to 16 percent on labor alone since the Ship Stabilization Committee went into effect last June. Anything that is fabricated takes an additional labor charge; so that the total increased cost of building a ship in 1941 as compared with 1939, according to Admiral Vickery's and my judgment, was somewhere between 25 and 27 percent.

The CHAIRMAN. Since that readjustment have you not somewhat stabilized costs of production?

Admiral LAND. Yes, sir.

The CHAIRMAN. And can we not expect it in the future?

Admiral LAND. It depends largely on the cost of living, Mr. Chairman.

The CHAIRMAN. Well, we have passed the Price Control Act, which holds down the status of beef steak and all other costs of living, and can we not take it from now on that you have similarly controlled costs of shipbuilding?

Admiral LAND. I am not sure you can. All I know is that in the South, particularly, the rents have gone up tremendously, and that is a part of the cost of living. I saw some figures 2 days ago that indicated that the cost of living had gone up more in some of the Southern States than it had in any other part of the United States, primarily on account of rent.

The CHAIRMAN. Where is your greatest rate of increase at the present time—in materials or labor?

Admiral LAND. Labor.

The CHAIRMAN. Do you expect that increased cost of labor to continue more and more?

Admiral LAND. Well, the ship stabilization basis of agreement—and they vary in the areas—was that the only increases that would be permitted would be when the cost of living went up. In the Gulf agreement, unfortunately we could not get an agreement except on specific cities. In the rest of it we got the United States, but down there the only agreement we could get was on a certain number of cities, and in those cities the cost of living has gone up rather rapidly, primarily on account of rents. I think that is going to be put in the hands of the proper authorities to see if they can put a stop to it.

The CHAIRMAN. We have done that in the District of Columbia, and it ought to be done in similar concentration points where labor is required in these huge Government projects.

HOURS OF WORK IN SHIPYARDS

Mr. LAMBERTSON. Mr. Chairman, may I ask just one question right there?

The CHAIRMAN. Yes.

Mr. LAMBERTSON. Admiral, how much of the increased cost of living do you estimate is due to the Wages and Hours Act since it was passed?

Admiral LAND. I could not answer that with any knowledge. The important thing in the increased cost of labor is the Presidential directive to put this country on a 7-day week; the standard practice and the law are 40 hours a week, and beyond that time and a half, with double time for Sundays and holidays.

The CHAIRMAN. Are you working around the clock at the present time?

Admiral LAND. In many of the yards, yes, sir; but we have adopted the policy not to work men more than 6 days a week except where absolutely necessary. Machines we try to work 7 days, where we have got enough men to work on them, which really means that on the seventh day they are overhauled, greased, repaired, and prepared for the following 6 days.

STRIKES IN SHIPYARDS

The CHAIRMAN. Speaking of your labor difficulties, what effect, if any, did this welders' strike a few days ago have on your work?

Admiral LAND. It definitely delayed the deliveries of ships in December, January, and February—this new construction. We estimate that strikes cost us between 7 and 12 ships last year. That is a snap estimate but can be substantiated.

PROCUREMENT OF MATERIAL

The CHAIRMAN. There is your labor problem. How about your material problem? Are you having any trouble over priorities?

Admiral LAND. We haven't any trouble over getting clearances and promises.

(Discussion off the record.)

STEEL FOR SHIPBUILDING

The CHAIRMAN. Is there going to be an increased demand for structural steel?

Admiral VICKERY. Yes, sir. There is sufficient to do the primary things, provided it is put there.

The CHAIRMAN. Are you getting sufficient steel now?

Admiral VICKERY. No, sir; we are not.

The CHAIRMAN. How many months have you received less than you required?

Admiral VICKERY. Every month since we started.

The CHAIRMAN. How many months would that be?

Admiral VICKERY. I should say the last 10 months.

The CHAIRMAN. I wish you would give me a statement for the record of the percentages, by months, in which you have been short of your quota of steel.

Admiral VICKERY. Yes, sir.

The CHAIRMAN. Also, in that connection, project your needs for the remainder of this fiscal year and 1943.

Admiral VICKERY. Yes, sir. We have done that, and given it to W. P. B. Mr. Nelson talked to me on the 'phone today, and this noon I talked to Mr. Adams, the head of that Board, and he said, "We admit our performance in January was 'lousy'." That is the way he put it. And we were actually allocated 225,000 tons in January, and we got 154,000.

*Summary of steel for contracted and proposed M. C. and private vessels (plates only)
fiscal years 1941 and 1942*

[Tons of 2,000 pounds]

Month and year	Steel requirements (tons)	Steel allocations		Steel received		
		Tons	Percentage of require- ments	Tons	Percentage of require- ments	Percentage of allocation
July 1941.....	¹ 70,246			¹ 45,068	64	
August 1941.....	¹ 56,279			¹ 49,096	87	
September 1941.....	² 151,206	119,000	79	² 148,703	98	125
October 1941.....	² 177,628	130,196	73	² 131,286	74	101
November 1941.....	205,093	192,890	94	134,363	66	70
December 1941.....	224,217	192,081	86	145,000	65	75
January 1942.....	220,386	225,335	102	154,659	70	69
February 1942.....	241,975	239,948	99			

¹ EC2 vessels only.

² Does not include Federal or Ingalls.

The above steel requirements are only for hull steel.

The CHAIRMAN. All the evidence before this committee indicates marine transportation is a serious problem. It is useless to manufacture material for the War and Navy Departments if it cannot be transported to place of use after we have made it. You consider this, then, one of the grave problems before us at the present time?

Admiral VICKERY. I do; yes, sir.

The CHAIRMAN. You say you have been assured that your quotas will be supplied in the future?

Admiral VICKERY. Yes, sir.

The CHAIRMAN. But they promised you that last month, and also promised to make up your deficit?

Admiral VICKERY. Yes, sir.

The CHAIRMAN. You did not even get your quota for last month?

Admiral VICKERY. No, sir.

The CHAIRMAN. Have you any reason to believe that these assurances will be honored in the future more than in the past?

Admiral VICKERY. Yes, sir; because they have organized it in this way: What they did previously with the steel mills was that they overallocated every mill. Now, there is a premium on Navy steel, and there is a premium on special steels. Now, if they had an over-allocation they were the judges of what they rolled, and they naturally rolled the things that would give them the best profit. The result was that our stuff, on which they did not get the best profit, did not get the steel. We got what was left.

ADMINISTRATIVE EXPENSES

The CHAIRMAN. The estimate provides for not exceeding \$2,000,000 for administrative expenses, and we will include in the record, if there is no objection to it, schedule D, which gives the breakdown of this proposed expenditure.

(The statement referred to is as follows:)

SCHEDULE D.—Statement of additional administrative expense under expanded program

	Provided for under independent offices appropriation bill, 1943		Increase requested (See attached schedule "D-1" for positions, grades, etc.)					
			Departmental		Field		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Personal services:								
Office of Secretary.....	232	\$358, 225	15	\$20, 160			15	\$20, 160
District managers.....	73	154, 267			15	\$31, 100	15	31, 100
Division of Personnel Supervision and Management.....	53	110, 860	7	12, 520			7	12, 520
Division of Purchase and Supply.....	276	533, 140	5	7, 200	10	16, 200	15	23, 400
Division of Finance.....	420	1, 077, 516	70	146, 400	136	292, 400	206	438, 800
Technical Division.....	744	1, 903, 880	90	176, 200	40	94, 060	130	270, 260
Construction Division.....	906	2, 387, 940	50	108, 840	300	762, 960	350	871, 800
Trial Board.....	26	83, 700	2	5, 600	10	25, 320	12	30, 920
Total, personal services.....			239	476, 920	511	1, 222, 040	750	1, 698, 960
Fees and expenses for outside services.....								70, 000
Personal services, net.....								1, 768, 960
Other obligations:								
Supplies and materials.....								20, 000
Communication services.....								40, 000
Travel expenses.....								90, 000
Miscellaneous services and expenses.....								21, 040
Equipment.....								60, 000
Total, other obligations.....								231, 040
Grand total, obligations.....								2, 000, 000

The CHAIRMAN. I see here that you provide for 239 additional employees in Washington and 511 in the field. That is 750 additional employees. Is there a critical need for these additional employees at this time?

Admiral LAND. They have to do only with the construction, because by law we are required to make audits and, of course, by law we are required to make inspections, and we have volumes of plans and specifications coming in. We are doing our own purchasing, and this runs into not only a tremendous volume of money but a lot of details in the way of plans and specifications, on the technical side as well as in accounting and auditing on the financial side. With that goes automatically an increase in other administrative personnel, clerical, stenographic, and so forth.

The CHAIRMAN. That is 239 new employees in Washington. That is in addition to how many? How many employees do you already have here in Washington?

Mr. KIRSCH. Our 1943 Budget estimates provide for 2,095 employees in Washington.

The CHAIRMAN. That would give you, then, a little over 2,300; about a 10-percent increase?

Mr. KIRSCH. Yes, sir.

The CHAIRMAN. And in the field, 511. How many have you in the field at the present time?

Mr. KIRSCH. In the field we have 1,289.

The CHAIRMAN. And that would give you 1,800?

Mr. KIRSCH. Yes, sir.

The CHAIRMAN. That is an increase of nearly 50 percent, is it not?

Mr. KIRSCH. Yes, sir.

The CHAIRMAN. That is where the work is done. What period of time is this \$2,000,000 for administrative expenses to cover?

Mr. KIRSCH. This is for 1943.

I would like to say, Mr. Chairman, on the matter of administrative expenditures, that the Commission has been operating this year on the basis of slightly less than 1 percent, in administrative expenses, of the total amount appropriated for the present fiscal year. For 1943 it is just a slight fraction over 1 percent. This additional request that we have is a matter of less than two-tenths of 1 percent of what we are asking in this appropriation—a very slight increase proportionately.

PROVISIONS FOR CASH AND CONTRACTUAL AUTHORIZATIONS

The CHAIRMAN. There are two provisions made here. One is for cash and one is for contractual authorization. There is a billion and a half for cash. Is that intended to run to June 30, 1943?

Mr. KIRSCH. Yes, sir; \$1,500,000,000 for ships and facilities, and \$2,000,000 for administrative expenses.

The CHAIRMAN. And what cash will be needed to commence on this \$2,350,000,000 of contractual authorization?

Mr. KIRSCH. The contractual authorization, sir, we desire immediately, because we have these contracts that the Commission has authorized and which are to be signed very promptly. The cash requirement runs into 1943.

The CHAIRMAN. We have here a contract authorization of \$2,350,000,000. When will you begin needing cash on that \$2,350,000,000?

Mr. KIRSCH. In 1944.

The CHAIRMAN. When should this cash be available in order to begin work on the contract authorization?

Mr. KIRSCH. The cash need not be available until the 1st of July, but the contract authorization should be made immediately available.

LEND-LEASING OF SHIPS PROVIDED BY ESTIMATE

The CHAIRMAN. We have in these estimates a similar provision to that contained in the First Supplemental National Defense Appropriation Act of 1942, under which the President could authorize the Commission to lease such vessels procured with these funds as might be necessary to the defense of the United States.

Admiral LAND. Yes, sir.

The CHAIRMAN. The original provision as first proposed was much broader and the committee modified it. I think you approved that modification, as I recall it.

Admiral LAND. Yes, sir.

The CHAIRMAN. We confined it to leasing, and there was only a leasing policy in contemplation. To what extent have you availed yourselves of the authorization given you in that act, or have you leased any at all under that authorization?

Admiral LAND. Yes, sir; we have. I could insert that in the record. It has been comparatively small.

The CHAIRMAN. Approximately how much would you say, as a rough estimate?

Admiral LAND. I think it has been approximately 20 to 25 ships; but some of them come back.

Mr. FARBACH. This leasing would include taking the vessel over on just one trip, just to carry one boat and cargo over.

Admiral LAND. Yes. We do not turn over title.

The CHAIRMAN. Are your leases principally for these brief trips, or are you making some long-time leases?

Admiral LAND. Some of them are fairly long as to time.

The CHAIRMAN. Are any of them indeterminate, for the duration of the war?

Admiral LAND. No, sir.

The CHAIRMAN. What have you in contemplation in that respect, as to leasing vessels under this paragraph?

Admiral LAND. Only a continuation of the present policy, following the directive on this Adjustment Shipping Board, which will involve a set-up of two pools, what I would call an American pool and a British pool.

The CHAIRMAN. Compensation for those vessels is determined under the lend-lease law?

Admiral LAND. Yes, sir.

CERTAIN PROVISIONS MADE APPLICABLE TO THIS APPROPRIATION

The CHAIRMAN. I see here that the provisions of sections 2 and 4 of the act of February 6, 1941, are made applicable here. That is the "ugly duckling" appropriation, is it not?

Admiral LAND. That is right.

The CHAIRMAN. Now, will you insert in the record what provisions are made applicable?

Admiral LAND. Yes, sir.

(The statement requested is as follows:)

CERTAIN PROVISIONS OF ACT OF FEBRUARY 6, 1941, MADE APPLICABLE

The provisions of sections 2 and 4 and the proviso clauses in section 1 of the act of February 6, 1941, are made applicable.

Section 2 of the act of February 6, 1941, makes the provisions of section 207 of the Merchant Marine Act, 1936, and of the act of October 10, 1940 (Public, No. 831, 76th Cong.), applicable to activities under the act of February 6, 1941. Section 207 gives the Commission implied powers and discretionary authority to contract and make disbursements in the conduct of its authorized activities. The act of October 10, 1941, authorizes the suspension of the 8-hour day, with prescribed minimum overtime pay, in the case of persons engaged on work covered by Maritime Commission contracts.

The following provisions of law are waived by said section 2:

Sections 355, 3648, and 3709 of the Revised Statutes. The first section requires the Attorney General to approve title to land, the second prohibits advance payments under public works contracts, and the third is the competitive-bidding statute.

Section 7 of the act of May 27, 1930, which requires resort to the Prison Industries Board before making purchases from outside sources.

The act of August 24, 1935, which requires contractors to furnish performance and payment bonds on public works.

Section 321 of the act of June 30, 1932, which provides that no lease can be executed containing as part of the consideration an obligation on the part of the lessee to make improvements.

Provisions of law relating to disposal of surplus property (40 U. S. C., ch. 4; Executive Order No. 6166, June 10, 1933).

Section 4 of the said act of February 6, 1941, authorizes the Commission to do construction and repair work for other departments or agencies of the Government, the expenditures therefor to be charged against appropriation or contract authorization of such department or agency, and not to affect the contract authorization of the Commission.

The proviso clauses in section 1 of the act of February 6, 1941, provide that the employment of personnel engaged in the maintenance, repair, operation, or management of plants or facilities shall be without regard to civil service and classification laws, and that no person who is a member of an organization advocating the overthrow of the Government of the United States by force or violence shall be paid out of funds appropriated thereby.

SHIP DELIVERIES

Mr. WOODRUM. How many ships are we getting a day now?

Admiral VICKERY. We got 17 last month.

Admiral LAND. We will get 19 or 20 this month.

Admiral VICKERY. The reason we did not get more last month was that we did not get the steel.

Mr. WOODRUM. Will those deliveries step up?

Admiral LAND. Yes, sir. We have a schedule here which we hope to live up to. We have expectations of doing pretty close to what the President asked us to do, and so far as 1943 is concerned, I think Admiral Vickery is quite confident that we will meet that; there may be some slight falling down in 1942; that, of course, again is dependent always upon the productivity of labor; and I do not mean strikes. They have got to work. They cannot loaf. The morale is going up; there is no question about that; but there is still some distance to go to get maximum production.

Mr. WOODRUM. What was it you said strikes cost you last year?

Admiral LAND. In man-hours, it was 8 C-1 ships, which is about equivalent to 10 Liberty ships in man-hours.

Mr. WOODRUM. In other words, the work stoppages in the calendar year 1941—

Admiral LAND. Cost us 8 to 10 ships.

Mr. WOODRUM. What is the C-1 ship?

Admiral LAND. The C-1 ship is a 14-knot cargo ship, the smallest and slowest of our standard C-type ships.

Mr. WOODRUM. Speaking of the increased cost of labor, there are two things to be considered—whether or not it is costing more per hour or per day, or whether it is costing more per job.

Admiral LAND. There is certainly an increase in cost per hour, per day, and per week, and that means increased cost per job.

Mr. WOODRUM. There certainly will be an increase per job if you are working overtime and double time.

Admiral LAND. Yes, sir.

Mr. WOODRUM. So we are running into that in all this construction work; if you have overtime and double time it runs the cost right up?

Admiral LAND. That is true.

DEGAUSSING OF SHIPS

Mr. WOODRUM. Admiral Land, can you say anything, on or off the record, about the proposition of this man who invented the degaussing process, who claims now that he has something that will turn away a torpedo?

Admiral LAND. I do not know anything about the turning away of a torpedo, Judge. The degaussing is a success. It is a very peculiar type of animal you are dealing with, because it can be very successful in a given latitude and not so successful in another one.

Mr. WOODRUM. Had you heard of this suggestion?

Admiral LAND. Yes, sir; I have heard of it a great many times, but I do not have any knowledge to comment on it. Going back to a very famous physicist and chemist whom I used to know when I was a kid, he claimed that it could be done then. It never has been done. He claimed that he could divert aircraft and he could divert a torpedo. You may remember Tesla, the famous inventor and scientist. But I take that with a good deal of saline solution.

DIVERSION OF TONNAGE FROM COMMERCIAL TO WAR NEEDS

Mr. LUDLOW. Admiral Land, have privately owned and operated merchant shipping lines been driven out of the picture on account of the war situation? I noticed a statement the other day regarding the Merchants & Miners and two or three others.

Admiral LAND. That is particularly true of the intercoastal people; yes—and the coastal people more particularly. They have been driven out of their own categories and their own operations, and to a certain extent out of business. We have done that most reluctantly, as the military necessities required it, and wherever it is practicable to ship by rail and the military necessities are such as to justify forcing shipment by rail and utilizing these coastal and intercoastal ships in a war effort.

Mr. LUDLOW. Has thought been given to revivifying the privately owned and operated merchant lines after the war is over?

Admiral LAND. A great deal of thought is being given to it. I am afraid most of it is words, but some of it can be converted into deeds and facts, I hope.

I would like to qualify my first statement by stating that when we take ships either by voluntary methods or by requisition, we immediately charter them back to operators, because the Maritime Commission has maintained a general policy of nongovernmental operation. Whether we will be forced to that before we are through, I do not know. I think you gentlemen know that as long as I am there we will not get into governmental operation unless as a court of last resort. I am opposed to it, and always have been.

Mr. LUDLOW. Apparently, when the war is over and peace comes, we will have a vast quantity of ships on hand. I wonder if the thought is to try to turn them back to the private operators?

Admiral LAND. We have made specific efforts to get them interested, and some of them are already coming in for ships after the war. That is particularly true with the tanker people. They have always been willing and anxious to operate their own ships, and while we have 150 tankers under construction, we are already commencing negotiations with some of the companies for their sale under our act. And the same thing is true with the private operators that are on their toes and have got enough vision to go ahead and do it.

STRIKES IN SHIPYARDS

Mr. LUDLOW. Are there any strikes at this time that affect ship construction?

Admiral LAND. The most recent was a repercussion of the unhappy struggle we had with the welders' strike. Only yesterday I received a threat that if we did not do a lot of things that they asked—and that included Nelson and Hillman—they would pull a strike on Lincoln's Birthday, or an Emancipation Day strike.

Mr. LUDLOW. Have you heard anything more about it?

Admiral LAND. I have not, and I hope it is not true. We had settled the welders' strike on the west coast, but only 50 percent went back in the Tacoma yard. That welders' strike presents an unhappy situation.

CONSTRUCTION OF WOODEN SHIPS

Mr. SNYDER. Are you making any wooden ships?

Admiral LAND. No, sir; I say we are not, but we have some wooden barges, and the Navy has a number of wooden ships.

Mr. SNYDER. Under construction at this time?

Admiral LAND. Yes, sir; the Maritime Commission has not gone into any wooden-shipbuilding program.

Mr. TABER. You were referring to small ships?

Admiral LAND. Yes, sir; we have nothing in the way of wooden-ship construction except lifeboats, wooden barges, and so forth. We have 15 concrete barges.

Mr. SNYDER. A few years ago at New Orleans I saw some old ships tied up.

Admiral LAND. They are all in use.

SHIPYARD FACILITIES

Mr. SNYDER. How many "ugly ducklings" have you run off the line up to date? How many are you building now?

Admiral VICKERY. We expect to get 10 this month.

Mr. SNYDER. Are your facilities for doing additional work coming along so that you will be able to turn out more next month than you have turned out this month, and still more in April? Of course, you have to have the shipbuilding facilities, and I want to know if they are growing in proportion with the program.

Admiral LAND. Yes, sir. Most of the facilities are pretty well finished with the exception of new yards. In the old yards we started last February and March, they are practically in full commission. In the expansion of those yards, there are new facilities under construction, which are not yet in commission, but they will be put in commission as we progress within the next few months.

TYPE OF SHIPS TO BE CONSTRUCTED

The CHAIRMAN. Admiral, I want to get this clear: In your preliminary statement, I understood you to say that the type of ships you are building are of a high class, of all-steel construction.

Admiral LAND. Yes, sir.

The CHAIRMAN. You are not building any "ugly ducklings" under the new program, but all the ships you are building are of such type, character, or durability that they will be ready to take their part in commerce after the war is over.

Admiral LAND. That is not quite correct. We are building Liberty ships under the program, for the reason that it is absolutely impossible to get the gears, turbines, and machinery for all the other types of ships.

The CHAIRMAN. Will you build them out of the money you are applying for here?

Admiral LAND. Yes, sir.

The CHAIRMAN. How do you expect to expend the money that you are asking for at this time so far as the class or types of ships are concerned?

Admiral LAND. Very largely for Liberty ships.

The CHAIRMAN. That is a temporary ship?

Admiral LAND. No, sir; not so far as the life of the ship is concerned. If you will go back to my definition that I gave sometime ago, you will see that I maintained that a Liberty ship is a 5-year competitive ship, but the useful life of the ship is 20 years. The competitive life of a ship is different from the actual life of the ship. As competitive ships, I hold no brief for them. They are not up to date with their reciprocating engines and their auxiliaries run by steam.

Mr. LUDLOW. What is their speed?

Admiral LAND. About 11 knots under full draft. They do better than that under normal draft.

The CHAIRMAN. There are 1,476 ships in the new program. How many will be of the Liberty type of ships and how many are of the type of ship that would be built for permanent service?

Admiral LAND. They are all scheduled here, but I do not have them broken down that way.

The CHAIRMAN. Suppose you submit a statement of that.

Admiral LAND. I think about two-thirds of them are Liberty ships.

The CHAIRMAN. They are all-steel ships?

Admiral LAND. All of them are all-steel.

NUMBER OF MEN IN TANKER CREWS

Mr. TABER. How many men are required for the operation of an ordinary 10,000-ton tanker?

Admiral LAND. About 46, without the gun crew.

Mr. TABER. The gun crew would run what number?

Admiral LAND. Anywhere from 11, 13, or 15.

Mr. TABER. About a week ago I read somewhere a statement about some Navy tanker of about 5,100 tons being sunk, with a loss of something like 30 or 40 people, and about 100 saved. I am wondering if the Navy is operating tankers in that way.

Admiral LAND. There is no comparison between the personnel required to man a merchant ship and the personnel required on any Navy ship. Manning a ship from the commercial point of view is quite different than from a Navy point of view. A commercial ship requires far less men than is required for manning any type of ship in the Navy. As they become more combatant, the number required increases by geometrical progression rather than by mathematical progression.

COST OF PROGRAM

Mr. TABER. I have been looking over the program, with the cost of these ships. You have already had somewhere around \$2,100,000,000 appropriated or authorized. That is about right; is it not?

Admiral LAND. Yes, sir.

Mr. TABER. How much of that is contract authorization, and how much is cash? There does not seem to be anything here to show that, but the whole thing seems to be lumped on the page where it shows up. How long do you let these contracts ahead of the time that the ships are laid down?

Admiral LAND. That is entirely dependent upon the yards. The contracts we have let recently are such that the ship may be laid down within a month or 6 weeks. Those at the Savannah yard may be laid down several months later. That is where they are expanding new yards. Some may be as far away as 6 months. Most of them will be laid down as fast as there is a place for them. When one goes off another is laid down. I cannot give you anything like an accurate answer to that.

Mr. TABER. How long a time do you let contracts ahead of the time that they go on the ways?

Admiral LAND. We try to let contracts at once in order to have a continuous flow of work for the personnel, and so they can order their material, steel, machinery, and so forth, in time. We do that so there will be a progressive output from the yard.

Mr. TABER. What is the status of your contract authorizations and appropriations that you have already available? Are they all obligated, or not? I know that the money in the 1943 independent offices bill is not available—or is that available?

Admiral LAND. Not until July 1, 1942.

Mr. TABER. But you have the contract authorization?

Admiral LAND. Yes, sir. The only reason we ask for that is to keep a constant flow of work in the yards. We are not only building ships, but, as Admiral Vickery says, we are assembling ships. We are more nearly approximating the automobile industry there than anything else.

NUMBER OF WORKERS NEEDED IN SHIPBUILDING INDUSTRY

The CHAIRMAN. You say that you are more nearly approximating the automobile industry than anything in the world, and I notice that the automobile industry expects to employ a great many more men in their war production than they ever did in peacetime production. Do you expect to employ more men?

Admiral LAND. We expect at the peak to employ a great many more men. According to the best estimate, there will be somewhere around 700,000 or 750,000 by the coming fall or spring of 1943. It has been boosted in the last few years up to 450,000, and it is coming up to 800,000. The great difficulty is in getting trained men. All of the yards have training facilities. They are training in the yards and outside the yards, and they are aided and abetted in that by other agencies of the Government.

INCREASE IN NUMBER OF SHIPYARDS

Mr. TABER. This program here contemplates having in operation more yards than you now have in operation?

Admiral LAND. There will be four more. One will be indirectly our responsibility and the others will be directly our responsibility.

Mr. TABER. Where will they be located?

Admiral LAND. The indirect one is at Newark Bay; we are taking over, with the Navy's consent, certain facilities now in the Federal plant. The Federal Co. will operate it and will do some Navy work in Newark Bay. The other yard is at Alameda, Calif.

Mr. TABER. What companies will operate these new facilities?

Admiral LAND. The Federal Co. will operate one, and the Bethlehem Co. will operate the Alameda plant. We have the Vancouver, Wash., plant, which is adjacent to the Portland plant, and we have a third plant at Richmond. They are under way.

Mr. TABER. They are already in existence?

Admiral LAND. They are partly in existence.

Mr. TABER. They are in process of building or are being taken over for the purpose of producing this program?

Admiral LAND. The Richmond, Calif., plant, which is the third plant, and known as the Basin plant, is in this program, and so is the Vancouver plant.

Mr. TABER. Not this program that is put before us today?

Admiral LAND. Yes, sir; a part of it.

Mr. TABER. In this schedule you have different shipbuilding outfits. Are all of them expected to have facilities, or are all the shipbuilding yards that you employ included in this schedule, or are there other shipbuildings outfits that are not included here that you employ, and for which no new facilities are to be provided?

Admiral LAND. The Federal is not on this list because we are not providing new facilities for them.

Mr. TABER. They are using what they have already?

Admiral LAND. Yes, sir.

Mr. TABER. What about Cramps?

Admiral LAND. We are not in Cramps; we are not in the New York Shipbuilding Co.; and we are out of the Fore River and Newport News.

Mr. TABER. There is something here for Portland.

Admiral LAND. Yes, sir.

Mr. TABER. Are there any others that you are in outside of those on the list?

Admiral LAND. I think not.

YARDS OPERATED BY TODD SHIPBUILDING CO.

Mr. TABER. Which of these corporations that are listed here are controlled by Todd?

Admiral LAND. They have control of—

Mr. TABER (interposing). Which ones?

Admiral LAND. They have an interest in the Alabama Drydock Co., but they are only interested in the repair part of it. That would be out. As a matter of fact, I would rather not answer the question because it would be incorrect tomorrow or after this week. There is the California Shipbuilding Co., the Houston Shipbuilding Corporation, the Seattle Tacoma Shipbuilding Co., and the Oregon Shipbuilding Co.

Mr. TABER. How about Ingalls?

Admiral LAND. That has nothing to do with this.

Mr. TABER. Are these two Kaiser outfits?

Admiral LAND. I think they are separate.

Mr. TABER. How about Louisiana?

Admiral LAND. No, sir; that is separate.

Mr. TABER. And North Carolina?

Admiral LAND. No, sir.

Mr. TABER. How about Oregon?

Admiral LAND. Yes, sir. There is the Tacoma and South Portland.

Mr. TABER. There are six of them?

Admiral LAND. No, sir; five of them: California Ship, Houston, Seattle-Tacoma, South Portland, and Oregon Shipbuilding Co.

Mr. TABER. Including Alabama?

Admiral LAND. Alabama has only a repair part.

NUMBER OF SHIPS CONTRACTED FOR

Mr. TABER. For how many ships all together are there contracts outstanding now?

Admiral VICKERY. 968.

Mr. KIRSCH. There were 366 ships under the long-range program under construction on December 31. Then, under the long-range program, there are 759 that the Commission awarded during the month of January. Under the emergency ship program there are 200 ships.

Mr. TABER. Is that in addition? That is in addition to the 1,125 you have just given me?

Mr. KIRSCH. Yes, sir; and under the defense-aid program we are building 279 ships (and 276 small craft—26 harbor tugs, 200 powerboats, and 50 wooden barges). For the Army and Navy we are building 6 transports and tenders.

Mr. TABER. That means a total, approximately, of 1,610.

Mr. KIRSCH. Yes; 1,610 vessels and 276 smaller craft.

The CHAIRMAN. By "awarded," do you mean the contracts have actually been executed?

Admiral LAND. Yes; in most cases here, that is what that is applicable to.

The CHAIRMAN. The contract has been signed?

Admiral LAND. Some contracts may not have been signed. Those 759 awards in January, some of them have been signed, some of them not.

Mr. FARBACH. It means the contract is ready to go through as a matter of course.

The CHAIRMAN. The contract is ready to go through?

Admiral LAND. It is agreed to, and it is merely the paper work on the thing as to whether the contract is signed yet. But the schedule of delivery does not depend on the date of the contract; they have to live up to the schedule of deliveries irrespective of the date of the contract. That is one thing that is important in this.

CONTRACTS AWARDED TO TODD CO.

Mr. TABER. How many of those 1,610 ships did Todd get?

Admiral LAND. I have not got that. We can give it to you. I have all of the 759 ships, but I have not all of the rest of them behind those. I would have to insert that in the record. But so far as this year, that is these January awards, I have that:

Houston will get 32; California Shipbuilding, 109; Todd-California, 125 at Permanent; Richmond, Calif, 15; South Portland, 33; Todd-Bath, 27; Alabama Dry Dock, 28; Oregon Shipbuilding, 88; Kaiser Co., Vancouver, Washington, 65. That is a total of 522. Then Bethlehem, 110; Delta, 28; Wilmington, 53; Savannah, 36. Then there were 10 C-1's to Pennsylvania Ship. at Beaumont, Tex. That makes a total of 759.

Mr. TABER. How many of those were Todd?

Admiral LAND. 289. The Todd-Kaiser group are now separate organizations.

Mr. TABER. That is a little better than 25 percent of the total. How does it happen so many of them have gone to one concern?

Admiral LAND. Because they produce the goods. They have done, far and away a better job than some of the old-time shipbuilders; they got the first ships in the water, they got the first ships in commission, and they got the most ships in operation. To date they have done the best job in the whole United States so far as merchant shipbuilding is concerned.

Admiral VICKERY. We figured out how many ships we could get into those yards on the schedule made up for 1942. In other words, if they were running ahead and you could get on this schedule, which they could meet and contract for 105 ships out of it, that is how 105 ships got in there. They had the ways set up and had the schedule for so many ships, and we know how many ships we can get out of them all by the end of 1943, and when you figure that up you set down on these schedules the amount they can do, and that is the number that comes off. Then we added into those the yards that were building British ships, because we had an agreement with the British when they finished the first 30 ships we would be allowed to use those facilities for production. They were running yards and

we knew they were good for so many ships, that they had the facilities. And it is facilities, now, that control the number of ships.

Mr. TABER. Who are the moving powers in that yard?

Admiral LAND. John Reilly is the head of Todd's, and Henry Kaiser is the head of Kaiser-Todd. The Todd outfit is the oldest and most far-flung ship repair industry in the United States; they also build ships. Kaiser is a new outfit in shipbuilding. He had the experience of handling the Coulee Dam, Boulder Dam, and many other projects which he successfully prosecuted, and he had done splendid jobs throughout for the Government for the past 6, 8, or 10 years; he had many of the best tools, machinery, and railway equipment, and know-how (executive and administrative experience); the combination of shipbuilding, plus general construction, was the best combination we could get together to do the job. They also have ample financial responsibility, engineering brains and, really the most important thing at all, the "go-to-it."

Mr. TABER. Well, they had never done any shipbuilding at all, that is, original shipbuilding, until this thing came up.

Admiral LAND. That is right.

Admiral VICKERY. Todd had.

Mr. TABER. I think they were just repairers, were they not?

Admiral LAND. No; they built ships in the last war and had a small amount of shipbuilding going on then.

Admiral VICKERY. That is the yard that built at the beginning all five of those C-ships, and we had back of that a competitive bid contract. That was an old yard that was used during the last war and right after the last war they built the Omaha and Cincinnati class of cruisers.

Mr. TABER. You mean they built them?

Admiral VICKERY. Oh, yes. That was the same organization.

Mr. TABER. Now, according to the Truman Committee report, they only had a total capital of \$14,400,000, of which one-half was borrowed, and the contracts that they had had awarded to them at that time amounted to \$688,000,000, plus, and the estimated profit was over \$50,000,000. I do not know whether that calls for an explanation, or not, or whether the statement is correct. I do not know enough about it to know.

Admiral LAND. I think those figures are correct; I think they were submitted by representatives of the companies. I have not checked those particular ones. I know they did submit them, and I think they submitted them with honesty and integrity.

FEES PAID TO CONTRACTORS

Admiral VICKERY. I think the thing you miss on that is that the invested capital in a shipyard is not what they make a profit on; that is, the profit is based on the accomplishment of the job. Your capital investment in plant may be small; in fact, the capital investment in those plants is Government-invested capital. It pays a fee for the actual building of the ship.

Now, the total amount of what they are going to earn is based on whether they produce ships, or not. I do not know whether they figured the maximum they could get under that, but they are not all going to get the maximum. For instance, we have used 513,000 hours

and, based on that, there are so many hours in a ship and they are penalized for every hour they go over, and get a bonus if they go under. On these first ships that came out they ran over 600,000 hours in the ship. As they get in production, those hours will go down and they will gain on that. But there is a ceiling on the fee that it is possible for them to get, of course. I think what they used was the total top ceiling there.

The CHAIRMAN. What is the ceiling on the fee?

Admiral VICKERY. We set a ceiling on the fixed fee, because we do not know what the ship is going to cost when you take the overtime and everything in.

The CHAIRMAN. But you have a percentage above which it cannot go?

Admiral VICKERY. No; we have a fixed amount above which it cannot go. Take, for instance, I think one of those ships will cost about \$1,700,000. The maximum fee, if delivered early and adding no penalty, and 2,000 hours less than the 513,000 hours, the final fee we figured out they could get was \$140,000 if they delivered that ship ahead of time.

The CHAIRMAN. The fee, as a rule, is what percentage of the cost of the ship?

Admiral VICKERY. It would run about 8 percent if the establishments were run on regular time. When those ships started, we did not figure on working overtime and shifts.

The CHAIRMAN. What is the determining factor which you used—7, 8, or 9 percent?

Admiral VICKERY. The fee is set out in dollars, rather than in percentage.

The CHAIRMAN. In arriving at it, how did you arrive at the figure?

Admiral VICKERY. We estimated what the cost of the ship was and stated the lower limit would be 3 percent and the upper limit would be 8½ percent, and that is how we arrived at it.

THOMAS CORCORAN

Mr. TABER. Now, is Tommy Corcoran representing this concern?

Admiral LAND. As far as we are concerned, he had nothing whatsoever to do with it in any way, shape, or form; he has never been before any one of us in any contractual way. I think that goes for the whole Commission, as far as I know.

Admiral VICKERY. Yes. In fact, the original contracts with those yards all came before the papers came out about Corcoran. I do not know whether he has been representing the Kaiser-Todd Co., but he never has been in the Commission's office, to my knowledge.

The CHAIRMAN. He has never been in the Commission's office?

Admiral VICKERY. No, sir; and I negotiated these contracts myself.

The CHAIRMAN. And none of the Commissioners have ever been in his office?

Admiral VICKERY. Not that I know of.

Admiral LAND. This was all done long before he had anything to do with it.

Mr. TABER. All I know about it is what seems to be in this Truman committee's report, and in there he seems to be spread out over quite a territory in connection with Todd.

Admiral LAND. His only contacts with them were with the magnesium plant.

Admiral VICKERY. I negotiated these ship contracts myself, and Corcoran never talked to me about the contracts. I have seen Corcoran once in my life, and he has never been to the Commission's office.

OPERATION OF SHIPS

Mr. TABER. Now, going into something else, who handles the operations of these ships after they are built?

Admiral LAND. Under the present procedure, they are chartered to operating companies, and are handled by the operating companies that are in existence and on a fixed policy in which all of the operators of the United States are classified and we enunciate the Commission's policy. That undoubtedly will have to be modified as more ships come in.

TONNAGE TO TRANSPORT WAR SUPPLIES

Mr. TABER. Are you familiar with the program of procuring different types of Army supplies and ammunition that are included in the Budget that we have been having hearings on?

Admiral LAND. Am I familiar with that?

Mr. TABER. Yes.

Admiral LAND. No, sir.

Mr. TABER. Have they taken it up with you to find out whether or not you would have available or whether there would be available the ships to transport these different items to the places they would want to use them?

Admiral LAND. That is a standard policy agreed on between the British and ourselves that we will transport the finished products, that is, munitions of war, and the other things will be sacrificed accordingly.

Mr. TABER. Have these people taken these things up with you to find out whether or not you could handle it?

Admiral LAND. Oh, yes.

Mr. TABER. Whether you would have the ships to transport the goods?

Admiral LAND. Insofar as you can visualize what they have, yes; because they know what we expect to have and they know what they expect to produce and we know, with the joint pool, what we will be able to transport. As I say, we will transport the finished products and any unfinished products will have to suffer accordingly if ships are not available for the unfinished ones.

Mr. TABER. I do not know that I have any more questions now.

Mr. WIGGLESWORTH. Carrying that thought just a little further, we have a request for \$23,000,000,000, or thereabouts, for the Army in this same bill, and that, of course, is on top of all of the other enormous appropriations we have made for both the Army and the Navy and other defense agencies, and for lend-lease purposes. Is there any definite consideration given to the shipping that will be available in making up requests for these appropriations, or are we just going ahead and making all we can and hoping we will have the shipping when they are ready?

Admiral LAND. No. There is a definite program which is expected to mesh into the gears as it progresses. In other words, we have mapped out the incoming and outgoing requirements over the next 2 years, with specific planning for 3 months at a time in advance. You cannot see very far beyond 6 months, but that plan has been and is continuously worked out and is being brought up to date with a fairly accurate prognostication 3 months and a reasonable prognostication 6 months ahead.

Mr. WIGGLESWORTH. So that you are in a position to state that 3 or 6 months ahead we will have the shipping for anything that has been asked for through the War Department or Navy, for transportation overseas?

Admiral LAND. Insofar as manufactured products, that is munitions, are concerned, yes, sir. Insofar as other things are concerned, maybe food or some other thing in there, there will be a priority in which these munitions requested by the Army and Navy will be transported, and the others will be done insofar as it is humanly possible to transport them.

AMOUNT OF BUDGET ESTIMATE

Mr. WIGGLESWORTH. The amount you are asking for in cash, as I understand it, is \$1,502,000,000?

Admiral LAND. Yes; for ship and facilities construction, and \$2,000,000 additional for administrative expenses.

I note in your estimate, on page 4 of your statement, you have an item in there of \$39,327,000, plus, for contingencies for adjustments and increases. On what is that based?

Admiral LAND. It is based on a number of items; primarily on changes in wage scales, on costs, the amount of overtime that is done, any national defense features that may have to come in that we do not know about at the present time, and general adjustments in contracts due to adjustments of the scale under the contract itself in the indexes of labor and material.

Mr. WIGGLESWORTH. That is based on actual experience and not—

Admiral LAND. It is based as much on actual experience as it is practicable to make. Anything that is labeled "contingencies and adjustments" has some intangibles in it.

Mr. WIGGLESWORTH. When are you going to begin spending the \$1,502,000,000?

Admiral LAND. In the fiscal year 1943.

Mr. WIGGLESWORTH. When will you complete its expenditure?

Mr. KIRSCH. During that same year. Our estimate indicates the construction that will be completed for which progress payments are payable during the fiscal year 1943, will be approximately \$2,605,350,000. The independent offices appropriation bill carries \$964,000,000 for construction for 1943 for progress payments alone. The balance of about \$1,641,350,000 will be required in 1943, but we are asking for \$1,500,000,000 at this time for ship construction, and \$2,000,000 for administrative expenses.

Mr. WIGGLESWORTH. So that everything already appropriated or requested in this bill will actually be expended in the fiscal year 1943?

Admiral LAND. As far as we can tell; yes, sir.

STRIKES

Mr. LAMBERTSON. Admiral, I was interested earlier this afternoon in your statement about strike legislation. I have thought so myself, as no doubt you are dealing, as I have always understood, with the Maritime Union, which is probably the worst, most radical union we have in our country. I did not know about this welders' strike. How long was that on, or when did it start?

Admiral LAND. It started at the time of the A. F. of L. convention in Seattle last fall.

Mr. LAMBERTSON. What is the average hourly wage of these men?

Admiral LAND. The mechanics' wage on which all of our stabilization is based on the east coast for mechanics is \$1.12 an hour, and they are rated in accordance with a classification. That is merely the base rate. Some welders are paid pretty well, the first-class rates; some are paid less than that. In the judgment of those familiar with the trade, a welder is not a first-class mechanic, because he can be educated in at least 3 months to become a welder, and in any other skilled shipbuilding trade that I know of it takes anywhere from a year to 3 years to make a skilled mechanic. That, of course, is a difficulty and a row between them.

Mr. LAMBERTSON. They do not maintain vocational courses or apprentice courses of any kind?

Admiral LAND. Oh, yes; all of the shipbuilding plants have both vocational and apprentice courses in various forms and types and, of course, they have tied in with the National Youth Administration and Mr. Hillman's efforts, as well as Mr. McNutt's efforts, in all this thing. But this is quite separate and distinct from that.

Mr. LAMBERTSON. Under this gentleman's agreement that we are working under now, which was made after the House had passed as to antistrike, and then the 7th of December came and the Senate did nothing about it, it does not presuppose increases, does it? But if they say they are going to demand increases, the gentleman's agreement is going to allow those increases, is it not? Is not that the presumption?

Admiral LAND. I would think so.

Mr. LAMBERTSON. And that is going to go on during the duration of this war to prevent their striking. It did not seem like it was a gentleman's agreement to me when we have agreed practically to increase their wages every time they demand it, in lieu of a strike, in order to keep them working. That is the kind of impression I got.

Mr. TABER. It is a kind of racket.

Mr. LAMBERTSON. Yes.

Mr. LUDLOW. Did the Budget Bureau allow you all the money you needed to carry out your purposes?

Admiral LAND. Yes, sir.

WAGE RATES

Mr. LAMBERTSON. I think one of the worst things you mentioned a while ago, and which I think ought to be repealed but which cannot be. I suppose, is the Wages and Hours Act. It increased our expenditures for shipbuilding and everything else into the billions. There is no question about that. There is no other one thing, is there, that

has increased our expenditures like the Wages and Hours Act, probably—no other one thing?

Admiral LAND. So far as the South is concerned, I think I would have to answer that in the affirmative. I think that is one thing that would be more responsible for the increase in the South than anything else.

Mr. LAMBERTSON. It was an act passed for the subnormal worker, the sweatshop fellow; that is what it was passed for; and now just at the beginning of a great war with this time and a half, and double time for holidays and Sundays, it is a terrible situation.

Admiral VICKERY. The facility contracts come under the Bacon-Davis Act, which says the prevailing rate of wages in the locality will be paid. Now, ships do not come under that, because they are not public works; but under the Alabama drydock contract, where we had bid prices and had taken and made the contract for the construction of those facilities at the bid price, then the labor union came in and said, because the Bacon-Davis Act applied, that the wage level must be put up to the prevailing wage, and they submitted data to show that in the building trades down there the wage level was up to a certain amount and we had to increase the cost of the contract to pay the prevailing wages that had not been paid on ship-facilities class of work before, and it made quite a jump in it. And we have had the same thing to do in many of those facility contracts.

Mr. LAMBERTSON. They made the Bacon-Davis Act apply where it never applied before?

Admiral VICKERY. You see, we have never built facilities before; we have only built ships, and ships are not under the Bacon-Davis Act.

Mr. LAMBERTSON. But they have made the prevailing wage apply?

Admiral VICKERY. That is correct.

Mr. LAMBERTSON. Clear beyond where it ever applied in cantonments and other things?

Admiral VICKERY. That is correct.

Mr. LAMBERTSON. They have gone 200 or 300 miles to get the prevailing wage?

Admiral VICKERY. That is correct.

Mr. WIGGLESWORTH. How about the personnel to operate these new ships? Are we going to train additional men for them?

Admiral LAND. We are doing our best to expand the training program. We are going to expand it with the shipbuilding program, and I think no step has been left unturned to do it, and we have the complete facts and figures and quantities. We have these various schools for the unlicensed personnel, the school for the licensed personnel, and the cadet schools, and they are being aided and abetted very materially by those States which have merchant-marine academies. The thing is well in hand. How close we will come to meeting it, I do not know, but we are pretty confident we will. We might have to do it by making a number of short cuts, decreasing the courses, and so on, but we are doing the best we can with the tools we have, and I think it can be safely said that we will meet the construction program with personnel as well trained as it is possible under the circumstances to train them.

UNIT COST OF SHIPS

The CHAIRMAN. Admiral, I was a little bit uncertain about the unit cost. Did I understand you to say that the unit cost for the new program is based on the unit cost for the current program?

Admiral LAND. As Admiral Vickery was testifying he talked about the number of man-hours required to construct a ship, and the unit cost is based on the man-hours, and the contract is also based on that, with a bonus and a penalty—a bonus for reducing the number of hours and a penalty for exceeding them; a bonus for early delivery and a penalty for a delayed delivery. In other words, we put incentives in there to meet the schedules.

The CHAIRMAN. How did you arrive at this exact figure; what was the basis upon which you made the computation?

Admiral LAND. It is based on experience in general shipbuilding and after computations made in the Technical Division, the Construction Division, and the Finance Division as to the ship's cost, and it was very carefully worked out and generally agreed upon about 11 months ago when we first started the liberty program. It is not a perfect job, but is a pretty close and accurate estimate based on the experience and knowledge of the Maritime Commission and all the costs that we had.

The CHAIRMAN. I do not think I made myself quite clear. You are building 1,476 ships under this new contract; are you not?

Admiral LAND. Yes.

The CHAIRMAN. What is going to be your unit cost of those ships per deadweight ton, and how did you arrive at that figure? Did you base it entirely and do you expect to base it on the unit cost of the ship which you are building under your current program?

Admiral LAND. No; these costs are going to be higher, as I indicated, for the reasons I indicated—a lot of overtime, and so on; but, based on our experience as to the actual cost of ships which were analogous to these—we had the finished cost of a number of the C-type of ship, and we took that, checked the number of man-hours and the actual cost of the wages, and brought it up to the component parts, and this 513,000 hours, or whatever the average was, was taken, and we made that the basis of cost of the Liberty ships.

Admiral VICKERY. We have curves of the wages, and we have seen we have had to pay rising prices up to 24 percent.

The CHAIRMAN. The curve would show an upswing?

Admiral VICKERY. Yes, sir; and these estimates are not based on the cost which we paid; we have increased this cost of the various ships and these estimates to cover what we found was the rising cost in there.

The CHAIRMAN. Based on actual experience?

Admiral VICKERY. Yes, sir.

The CHAIRMAN. Thank you, Admiral Land. You have given us a very satisfactory justification, as you always do.

Admiral LAND. That is very kind of you, sir; I appreciate your patience.

FRIDAY, FEBRUARY 13, 1942.

OFFICE OF LEND-LEASE ADMINISTRATION

(Doc. No. 618)

STATEMENTS OF E. R. STETTINIUS, JR., ADMINISTRATOR; PHILIP YOUNG, ASSISTANT DEPUTY ADMINISTRATOR; OSCAR COX, GENERAL COUNSEL; CLAUDE R. WICKARD, SECRETARY OF AGRICULTURE; LESLIE A. WHEELER, DIRECTOR OF FOREIGN AGRICULTURAL RELATIONS; EDWIN W. GAUMNITZ, ASSOCIATE ADMINISTRATOR, SURPLUS MARKETING ADMINISTRATION; CLIFTON E. MACK, DIRECTOR OF PROCUREMENT DIVISION, TREASURY DEPARTMENT; BRIG. GEN. GEORGE R. SPALDING, OFFICE OF CHIEF OF STAFF, UNITED STATES ARMY, AND LEND-LEASE ADMINISTRATION; COMMANDER PAUL HENDREN, OFFICE OF NAVAL OPERATIONS; COMMANDER HAROLD J. WALKER, OFFICE OF NAVAL OPERATIONS; REAR ADMIRAL EMORY S. LAND, CHAIRMAN; AND WILLIAM U. KIRSCH, BUDGET OFFICER, UNITED STATES MARITIME COMMISSION

DEFENSE AID BUDGET ESTIMATE

The CHAIRMAN. Mr. Stettinius, we have before us an estimate requesting a total of \$5,430,000,000 additional for lend-lease purposes shown in Document No. 618:

To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, there is hereby appropriated \$5,430,000,000, to remain available until June 30, 1943, and to be expended at the direction of the President for the purpose of carrying out said act and for each and every purpose incident thereto.

<i>Category</i>	<i>Estimate</i>
1. Ordnance and ordnance stores.....	0
2. Aircraft and aeronautical material.....	0
3. Trucks and other vehicles.....	\$129, 015, 000
4. Vessels, ships, etc.....	734, 420, 000
5. Miscellaneous military equipment.....	0
6. Facilities and equipment.....	111, 450, 000
7. Agricultural, industrial, and other commodities.....	3, 567, 115, 000
8. Testing, reconditioning, etc., of defense articles.....	208, 000, 000
9. Necessary services and expenses.....	680, 000, 000
10. Administrative expenses.....	0
Total.....	5, 430, 000, 000

I believe we have previously granted you \$12,985,000,000 for this purpose.

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. And that would make a total of eighteen-and-some-odd billion dollars?

Mr. STETTINIUS. That is right.

GENERAL STATEMENT

The CHAIRMAN. We would be glad to have a statement from you.

Mr. STETTINIUS. Mr. Chairman, I shall be as brief as possible in the introduction, in order to conserve the Secretary's time so that he may go. You have had distributed to you, in this blue cover which you have before you, the detailed break-down of the approximately 5½ billion dollars we are requesting in this new direct lend-lease appropriation. We also have representatives from each of the five procurement agencies and other agencies of the Government who are concerned in these matters, in order that the members of the committee may put any questions to us this morning, or during the day, that you desire.

I have a prepared statement that has been distributed to each one of you gentlemen, and I shall call attention to the important paragraphs. Before starting, however, I should like to call attention to the fact that of the last \$6,000,000,000 you appropriated in October, the amounts that are comparable to what we are requesting now were approximately \$1,000,000,000 to cover a period of 5 months. This amount of money, the 5½ billion dollars of similar items, is to cover 10 months' operations. I want to impress that on your minds at the start, because of that important comparison.

The request for funds before you, in the amount of \$5,430,000,000, is based on the lend-lease requirements of our allies for the remainder of the calendar year. It is intended to cover commitments which have to be entered into before December 31, 1942. This estimate does not include military and naval matériel for our allies. Provision has been and is being made for such military and naval matériel in the appropriations for the War and Navy Departments.

LEND-LEASE FUNDS TODAY

We are urgently in need of this appropriation.

Last October the Congress granted us sufficient funds to meet commitments which had to be entered into before February 28—the end of this month. These funds are now about exhausted.

Practically all of the total \$12,985,000,000 appropriated to lend-lease to date has been allocated for procurement. As of the close of business on February 12, 1942—yesterday—\$12,224,692,979 had been allocated. The remaining balance, largely composed of the agricultural reserve, will be allocated within the next 2 weeks at the present rate. In fact, we have already been forced to delay the approval of a number of requisitions in order to be sure not to run out of money before we could obtain an additional appropriation.

LEND-LEASE PROGRESS SINCE THE LAST REPORT TO CONGRESS

Our aid to lend-lease countries is increasing sharply month by month. Lend-lease aid as of November 30—the closing date for our third lend-lease report—amounted to \$1,202,000,000. This constituted an average of about \$141,400,000 per month for the first 8½ months of the program. The aid in the last 3 months of that period was \$207,000,000 in September; \$225,000,000 in October, and \$283,000,000 in

November. Lend-lease aid has mounted steadily since then. The December lend-lease aid amounted to \$338,000,000. In the past month of January, it was \$462,000,000, bringing the total of lend-lease aid to more than two billion dollars. This increase must and will continue.

THE ROLE OF LEND-LEASE IN THE WAR

The major point of overriding importance to us as Americans—a point that I want to make unmistakably clear—is that this is a world war that stretches across every ocean and every continent. Every man fighting the Axis wherever he may be—in the central part of China, or the island of Java, in New Britain, at Rangoon, in the Leningrad area, or the Crimea, in Libya or Iran—any man who is manning the guns of ships of the sea and the controls of ships of the air are integral parts of our forces. The lend-lease program is our mechanism for making available the supplies necessary to strengthen these nations, to serve them as though they were our own, to serve our own as well, and thus to bind together into a united whole all the free peoples of the world—fighting or not—who are resisting Axis aggression.

Australia, New Zealand, the Dutch East Indies, China, India, and Burma are America's front line in the Pacific, sustained in part by lend-lease aid. In the next 10 months the Lend-Lease Administration hopes to provide tremendous impetus to the production abroad of military weapons and to the general preparedness of these allies. Trucks, road-building machinery, locomotives, tracks, ties, and so forth, will put their transportation facilities in fighting shape. Radios, receiving sets and sending stations, telephones, wire and electrical equipment will bolster their communication system for the war effort. Raw materials, tools, generators, machine oil, and countless other types of supplies and equipment will expand their own production of military weapons.

Here are a few examples of what this type of aid can do.

Australia, in spite of sending over a half-million men into her armed forces out of a total population of some 7,000,000 people, has her own plane- and tank- and gun-building program. Our studies, made together with the Australians, revealed that if we provided certain processed steel and a relatively small number of tools and some component parts and other supplies, Australia's output of planes and tanks and guns would be tremendously stepped up, at practically no expense to our own.

Similarly, lend-lease can make a contribution toward solving shortages in critical materials such as rubber. We find that by supplying such items as sulfur and tire molds to tire factories in Indian, Australia, and South Africa (these factories already exist), we can appreciably increase the tire output of these factories using their own supplies of raw rubber there on the ground. We can thus reduce the number of tires which would otherwise be allocated from the United States. The results are an increase in total Allied production of war matériel, a tremendous saving in shipping space and time-consuming transportation so vital to the united war effort.

Lend-lease activities have and continue to assist our armed forces all over the world. The air-ferrying service across the Atlantic to the Middle East, created last summer and operated with lend-lease

funds, has now been extended so that the bombers for our fighting forces, as well as those of our Allies, can be flown by that route to the fighting areas of the southern Pacific. Bases in Scotland and Northern Ireland built with lend-lease funds are now available for our troops in that part of the world:

Then there is lend-lease in reverse. Lend-lease is and can be a two-way thing: We cannot only make available our supplies to the Allied Nations, but the Allied Nations can make their supplies available to us in the same manner. Thus, there is a method available for each of these nations to contribute supplies for the common effort to the fullest measure of their capabilities. There is also another focal point for further cementing the relationships of our Allies so that their manpower, their hearts and all their resources can be most effectively joined to the end of defeating the Axis Powers.

In this spirit, some of the lend-lease countries have freely offered us supplies, and others have initiated conversations with us looking to lend-leasing supplies to us. Thus, for example, we have been supplied without payment through lend-lease in reverse with anti-aircraft guns and ammunition for vital needs. We have been graciously offered the complete equipment for a gun factory. We, of course, welcome this spirit and fact of reciprocal aid in the common cause.

The Lend-Lease Act thus provides the method for the full and efficient exchange and utilization of the total war material of our Allies and ourselves in the interest of prosecuting the war. Using this procedure to the fullest extent possible should result in invaluable conservation of shipping space, and the most effective use of the other resources of the Allied Nations in prosecuting the war.

NEW POLICY OF DIRECT APPROPRIATIONS TO THE WAR AND NAVY DEPARTMENTS

The estimates before you reflect the recent change in policy which the Congress has put into effect in making appropriations for completed military and naval articles which are intended to be transferred to lend-lease countries. Since our entry into the war, Congress has appropriated money directly to our military and naval establishments to meet the lend-lease requirements of our allies with respect to all completed military and naval items, such as guns, tanks, aircraft, ships. In accordance with this policy, we are not asking for any new money for these types of defense articles. So in the itemization of categories supporting our request nothing is included in categories 1, 2, and 5 which formerly included money for ordnance, aircraft, and miscellaneous military equipment.

However, lend-lease will continue to be responsible for providing our Allies with the essential raw and intermediate materials which they use to make military and naval weapons, as well as the agricultural, industrial, and other commodities, shipping and ship repair, facilities, equipment, services, and personnel for the production, testing, and servicing of defense articles which lend-lease has provided.

In drawing the line between those articles and materials for which appropriations should be requested directly by our War and Navy Departments and those which lend-lease should provide for, we found many borderline cases. We have made a very careful study with the War and Navy Departments, the Maritime Commission, and the Procurement Division of the Treasury to make sure that in requesting

funds for the requirements of the lend-lease countries there resulted no overlapping or duplication in appropriations, and also that there were no requirements by lend-lease countries which fell between the two and were thus neglected. In all cases where there was any chance of duplication or omission, we made an item-by-item check with the representatives of these other agencies. As to items which might be provided for either by War or Navy Department or by lend-lease, we conferred with Mr. Nelson, of the War Production Board, and followed his decision in order to achieve the most efficient production and procurement. Thus, for example, the Lend-Lease Administration is requesting appropriations for all commercial trucks not built to the United States Army specifications which are required by lend-lease countries, and the War Department will provide for and procure all military specification trucks, including those which may be transferred to lend-lease countries. Similar decisions were made dividing the responsibility with respect to chemicals, railway equipment, electrical and communications equipment, and other defense articles.

Experience may prove that existing procedures for allocations among the Allied Nations are transitory. Both policy and mechanism must, therefore, be constantly reviewed in order to enable us to bring about the most efficient system for the utilization of all resources.

LUMP-SUM APPROPRIATION

As is explained in the transmittal letter of the Director of the Bureau of the Budget, a lump-sum appropriation is requested in the present estimates. We believe that we can do a speedier and more efficient administrative job with a lump-sum appropriation and that we will be better equipped to meet the unpredictable emergencies of modern war.

MEETING THE PROGRAM

We have consulted with the War Production Board and the Department of Agriculture about the production and procurement of the amounts of materials and articles involved in these requirements. They assure me, and I myself am of the firm opinion, that we can and will meet this program.

The CHAIRMAN. We will now hear Secretary Wickard and, in the meantime, will ask Mr. Stettinius to stand by.

FRIDAY, FEBRUARY 13, 1942.

CATEGORY 7—AGRICULTURAL COMMODITIES—DEPARTMENT OF AGRICULTURE

Mr. Secretary, the amount recommended for agricultural products for defense aid is \$1,300,000,000, out of a total in category 7 of \$3,567,115,000. Will you give us a statement of the proposed use of this amount provided for agricultural products?

GENERAL STATEMENT

Secretary WICKARD. Mr. Chairman, the amount you have just named is to last from February 28 to December 31. This amount

permits a slightly higher rate per month than the rate of expenditure that has taken place, and that is due to two causes: First is that prices of agricultural products have gone up slightly, and, second, we are going to ship, during the next few months, more concentrated products, such as meat, dairy products, and dried eggs, and less of the products like cotton and corn.

Out of the previous two lend-lease appropriations of some \$1,500,000,000, \$500,000,000 was set aside for the future purchase of certain products—meat, dairy products, and eggs—on which the Department of Agriculture, pursuant to congressional mandate, is guaranteeing the producers minimum prices in return for increased production.

Now, this \$500,000,000 is in about the same category as the money set aside by other Government agencies to complete payments on contracts. That is, I want again to explain, we are asking the farmers to grow increased amounts of certain of these products; the farmers have to make their plans months in advance of delivery and we have asked that there be \$500,000,000 set aside to take care of that delivery which will be beyond the time which is set aside in this program for the use of the \$1,300,000,000 fund.

Now, this \$500,000,000 is not a new item, understand; it is just asking for a continuation of the same item that was provided in the last lend-lease appropriation.

That leaves out of the \$1,500,000,000 appropriated in the first two lend-lease appropriations \$1,000,000,000 for current purchases, and all but \$150,000,000 of this will have been spent or obligated by the end of this month. All of it, the entire amount, I think, would have been expended by the end of this month if there had not been a disruption in the shipping due to the outbreak of the war in the Pacific. It is quite probable, I think, in the next few months that there will be an increase in the shipping and the recent slack will be taken up.

There is one other thing that was discussed when I was before the committee the last time, and that was the purchase of foreign agricultural products. At that time I testified that we had not purchased any foreign agricultural products, but I believe it was made clear, before the appropriation bill was passed, at least, that if necessary the purchase of foreign agricultural products could be made. Now, we were confronted with the necessity of shipping some sugar to Russia, and I believe Mr. Stettinius wrote the chairman of this committee a letter telling about the Russian needs for sugar, and some purchases have been made of sugar not produced in this country, and I believe there has been about \$60,000,000 set aside for the purchase of sugar in the Caribbean area to be shipped to Russia and the United Kingdom.

One other instance of the purchase of products not produced in this country is the purchase of Iceland fish. We are now buying Iceland fish for transfer to the United Kingdom and the Department of Agriculture is administering the purchase of these fish and, incidentally, the dollars that Iceland obtains from our purchase of fish are being used by that country to purchase highly necessary products in the United States.

Now, because we are at war and because Mr. Stettinius has testified this war extends all the way around the world, on many fronts, I can see there is a chance that other items which are grown on foreign soils should be or may be purchased under the lend-lease appropria-

tions. I do not know what they are; I do not think they will be very much, so far as the amount of funds is concerned, but I think it would be the desire of this committee to know what has been done and to know what the possibilities might be in the future.

I think that is all I have to say, Mr. Chairman.

ALLOCATION OF PREVIOUS FUNDS

The CHAIRMAN. According to your statement, on page 2 of your manuscript, Mr. Secretary, all of your current funds will be obligated by the end of this month, that is, by the end of February.

Secretary WICKARD. Yes, sir.

The CHAIRMAN. All of your present funds will have been exhausted by that time?

Secretary WICKARD. Except this \$500,000,000.

The CHAIRMAN. Which you are retaining for future purchases?

Secretary WICKARD. Yes. I think I state on page 2 that it is estimated all but \$150,000,000 will have been spent or obligated out of the \$1,000,000,000.

NATIONS TO BE AIDED

The CHAIRMAN. This estimate contemplates funds to take care of requirements for China, Russia, and the United Kingdom until December 31, 1942. In what proportions is it to be allotted to each of those three countries?

Mr. GAUMNITZ. So far, it is primarily to the United Kingdom: approximately \$200,000,000 have been set aside for Russia.

The CHAIRMAN. How much of this \$1,200,000,000 do you propose to allocate to Great Britain, how much to Russia, and how much to China?

Mr. GAUMNITZ. So far, that is, on the basis of present estimates of probable shipments, around \$200,000,000 will go to Russia.

Secretary WICKARD. And the rest of it would be the United Kingdom.

The CHAIRMAN. And none to China?

Secretary WICKARD. No specific amount.

The CHAIRMAN. In what proportions are you supplying food, up to this time, to Russia, Great Britain, and China?

Mr. GAUMNITZ. So far, Russia has taken approximately 40,000 tons.

The CHAIRMAN. Let us put it in dollars; we can get a little clearer understanding of it in dollars: 40,000 tons would approximate how many dollars, and what proportion of the total amount supplied?

Mr. GAUMNITZ. That would be 40,000 tons out of 1,750,000 tons—about one-fortieth.

The CHAIRMAN. And the class of food, the variety of food, which goes to one nation is comparable to that which goes to the other nation?

Mr. GAUMNITZ. No; the foods going to Russia, so far, are cheaper, made up primarily of wheat or sugar which, per unit per ton, will run much lower in value than shipments so far at this time in the United Kingdom.

The CHAIRMAN. Are concentrated foods, such as powdered milk, powdered eggs and proteins going now to Britain?

Mr. GAUMNITZ. Yes, sir.

The CHAIRMAN. Why hasn't Russia received some of these other concentrated foods?

Secretary WICKARD. Well, they have asked for wheat and sugar, first, and recently they have asked for some other products—fats. They have asked for fat backs. (Discussion off the record.)

The CHAIRMAN. Transportation, then, has entered into the problem?

Secretary WICKARD. Yes, sir. If it were not for transportation, I think we could very safely say the Russian requirements would be very large, because they have lost the Ukraine which is the grain and sugar producing area. And even if they recover that, I think it would be very difficult to grow a crop there this year.

The CHAIRMAN. Who determines, Mr. Secretary, the destination of this food; who estimates the proportion and character of the shipments to each nation? Where is the responsibility placed for making the final decision?

Secretary WICKARD. It is a shipping problem, I think. We load the boats and I think someone else determines when and where the boats will be available.

Mr. WOODRUM. The Maritime Commission and the Navy, jointly.

The CHAIRMAN. Who, before the question of reaching the boat is broached, determines where this food shall be routed? Someone here in Washington must reach some decision as to what England and Russia and any other nations on the program shall get.

Mr. STETTINIUS. Mr. Chairman and Mr. Secretary, in the act the President has the power of making that determination.

The CHAIRMAN. Of course, he gives no attention to such details. To whom does he delegate that duty?

Mr. STETTINIUS. The President has delegated that responsibility to me as Administrator of Lend-Lease and, after consultation with the various governments and a determination of the needs, and reviewing the available supply and shipping space, an allocation is made to the Secretary to purchase for Russia or the other country, depending upon their critical requirements.

The CHAIRMAN. What is the routine?

Mr. STETTINIUS. I think it must be understood, sir, that the present schedule of shipments to Russia was determined in a conference in Moscow which resulted in the Moscow protocol, which itemized the amounts of shipments over the first 10 months.

The CHAIRMAN. And the amounts to be shipped are to some extent determined by the shipping facilities available. You are shipping all to Russia you can ship.

Mr. STETTINIUS. Yes; we are shipping all to Russia that we can ship; that is right.

The CHAIRMAN. There is no intention to discriminate?

Mr. STETTINIUS. Mr. Chairman, we are shipping to Russia every ton of stuff that can be shipped at the present time. The matter is entirely a question of bottoms to carry it.

The CHAIRMAN. And that would be true also as to China?

Mr. STETTINIUS. Absolutely; there is no question about it.

PURCHASES OUTSIDE UNITED STATES

The CHAIRMAN. Mr. Secretary, I note you say you have bought sugar and fish outside of the United States: Is not that in contravention of the inhibition in the original act under which you were to buy in the United States?

Secretary WICKARD. No, sir; I do not believe there was that limitation in the act.

Mr. GAUMNITZ. That is not in the act. It was considered.

Secretary WICKARD. It was considered in the Senate, but I do not believe was finally enacted.

Mr. GAUMNITZ. It was voted down.

The CHAIRMAN. As I recall now, it was not included in the act, but we had an understanding and I believe had a letter from Mr. Stettinius with special reference to sugar.

Secretary WICKARD. Yes, sir.

The CHAIRMAN. Of course it, obviously, would be absurd for us from an economic point of view to ship sugar to the United States and then ship it out of the United States when we could ship it direct from the point of production to the point of consumption.

Secretary WICKARD. It would be.

The CHAIRMAN. However, you are buying farm products outside of the United States only when it is economically imperative to get them elsewhere, and you are holding the amount you buy abroad to the lowest point practicable?

Secretary WICKARD. Yes, sir. For instance, on the Russian wheat, Canada is furnishing Russia with wheat as well as this country, because they have a good supply of wheat. We are trying to economize the best we can on shipping, also; as you say, we are trying to do the things that are economical and feasible.

FOOD FOR AXIS SUBJUGATED NATIONS

The CHAIRMAN. Are you getting food to any of the subjugated peoples in Europe?

Secretary WICKARD. Very little now, if any. There were some Red Cross shipments.

Mr. GAUMNITZ. There have not been any recent shipments by the Red Cross.

The CHAIRMAN. Is that discontinuance due to any degree to the fact that it was falling into the hands of the Axis Powers?

Secretary WICKARD. Yes, sir.

The CHAIRMAN. They were securing it in some instances?

Secretary WICKARD. Yes, sir. I understand there has been a diversion into Germany of some of the food we intended for the people of the subjugated countries.

LEND-LEASE FOOD DELIVERIES

The CHAIRMAN. What has been the amount delivered to date?

Secretary WICKARD. I believe we have delivered 1,700,000 long tons of agricultural lend-lease products to date. Including Russia, it would be a little more than that; it would be about 1,750,000 tons.

The CHAIRMAN. To all countries?

Secretary WICKARD. Yes.

METHOD OF DISTRIBUTION IN ENGLAND

The CHAIRMAN. When you were here before, when we had this subject up for the first time, you went into detail in explaining the system under which it was distributed in England. I suppose there has been no change in your method of distribution abroad.

Secretary WICKARD. No; not ours.

The CHAIRMAN. Suppose you give us, briefly your method of distribution and the route to the consumer.

Secretary WICKARD. Well, all of our products are made available to the British Food Ministry.

The CHAIRMAN. And distributed by them?

Secretary WICKARD. Yes.

The CHAIRMAN. What plan do they follow?

Secretary WICKARD. Well, there has been some change. I think, in the rationing. They ration certain articles; all of the articles we ship are rationed.

The CHAIRMAN. The change refers to methods of rationing only; or does it extend to the quantities apportioned?

Secretary WICKARD. Yes; and the system.

The CHAIRMAN. There is no change in the method of distribution and the method of reimbursement?

Secretary WICKARD. No, sir.

The CHAIRMAN. And there is no profit to the Treasury of any foreign government?

Secretary WICKARD. No, sir; I do not think there is. What I am saying is that they are making food available, not only the food that we ship them but the food from Canada, which is on a sterling basis, of course, and other countries, at a loss so far as the British Government is concerned.

DISTRIBUTION IN RUSSIA

The CHAIRMAN. How about distribution in Russia?

Secretary WICKARD. I cannot answer about the distribution in Russia. Do you know?

Mr. GAUMNITZ. No.

The CHAIRMAN. You consign this food where and to whom when you reach the Russian border?

General SPALDING. That is all marked by the Russian representative in this country, Amtorg—marked for destination in Russia.

Mr. GAUMNITZ. They take delivery here at our port.

The CHAIRMAN. They take delivery here, f. o. b.?

Mr. GAUMNITZ. Yes, sir.

The CHAIRMAN. You do not know, then, what disposition is made by Russia of food consignments after they leave our ports?

General SPALDING. The only reason I do not know is because I cannot read the marks in Russian, but it would be easily ascertainable.

The CHAIRMAN. Do you know whether that food is distributed free to the consumer in Russia, or is it sold on the market?

General SPALDING. I do not know.

The CHAIRMAN. Is it distributed under the same system as munitions of war?

General SPALDING. I do not know.

The CHAIRMAN. You can say, however, it goes to the Russian Government?

Mr. STETTINIUS. As agreed in the Russian protocol.

The CHAIRMAN. And is used to the best effect, as determined by the Government authorities?

Mr. STETTINIUS. To the best effect on the war.

The CHAIRMAN. How about the distribution of food in China?

Secretary WICKARD. We have not shipped any to China as yet.

DEHYDRATION OF FOOD

The CHAIRMAN. When you were before us previously, I think we gave you, under the act of October 28, 1941, \$144,000 to study the problem of dehydration with a view to conserving shipping space. What progress have you made in your studies of those problems?

Secretary WICKARD. I do not know what progress we have made in our studies, but I can say this, that we are shipping more and more of the dehydrated and concentrated foods. For instance, all shipments of shell eggs have ceased, and the British now indicate they will take about 100,000 tons of dried eggs, which is a very concentrated food.

The CHAIRMAN. The purpose in providing that money, Mr. Secretary, was to study dehydration?

Secretary WICKARD. Yes.

The CHAIRMAN. What progress has been made in your research?

Secretary WICKARD. Well, we have been studying the dried egg thing, for instance, to find out how stable they are, how long dried eggs will keep, and we have been making some improvement in the method of drying.

The CHAIRMAN. You have secured some tangible results from your studies?

Secretary WICKARD. Yes; but I cannot report on it. Also, in the concentration of fruit juices, have not we done some work on that, too?

Mr. GAUMNITZ. Yes. Dried eggs is probably the one that involves the largest sum of money and there, as the Secretary indicated, there has been an almost 100-percent shift from shell eggs to dried eggs.

The method itself of drying eggs is relatively old, but had never progressed to the point of making reasonably certain that when the dried eggs were distributed to the home they would be in good shape. The use of dried eggs has been by the baking trade, the confectionery trade, and so on, where, if the eggs were off a little bit, it does not make a bit of difference; but, in the home, it does make a difference. Therefore, there has been quite a lot of study on that and, if we can be reasonably certain that eggs can be carried to the consumer in good condition, they will be put up in 4-ounce packages and distributed for home consumption.

That study started back at the plant and new standards have been made, and the tests consummated up to this point indicate that we are reasonably safe in going ahead with the distribution of dried eggs.

The CHAIRMAN. You have not yet exhausted the amount appropriated for this purpose?

Mr. GAUMNITZ. No.

The CHAIRMAN. And you are continuing your investigations? Are they still in progress?

Mr. GAUMNITZ. We are still at it.

Secretary WICKARD. I think we are going to do more and more. One of the English scientists is here, and I was talking to him day before yesterday. He reports he thinks we should think more about the dehydration of meat, particularly for shipment to the English, because they use a lot of meat for meat pies and things of that kind. I hope we can get started on that very soon, because that would again save tonnage. The meat has to be shredded, I understand.

The CHAIRMAN. You cannot say how much of this \$44,000 we gave you is still on hand?

Secretary WICKARD. No, sir.

The CHAIRMAN. But you have on hand sufficient to continue your investigations?

Secretary WICKARD. So I have been informed.

AGRICULTURAL PRODUCTION IN ENGLAND

The CHAIRMAN. Also, in the act of October 28, 1941, we provided for the delivery of tractors and farm machinery to the English farmers, with a view to increasing their acreage and food production: What success have you had in that line?

Secretary WICKARD. That money is handled by the Treasury people, I think; we do not handle it.

Mr. STETTINIUS. Mr. Mack can give you the whole story on that. We have filled the requisitions of the Secretary from the financial standpoint, but Mr. Mack has the detail of the procurement and shipment of the tractors.

The CHAIRMAN. Has machinery actually been delivered in England and has it reached the farmer in time for the crop season, and is an appreciable increase in acreage being planted and are they producing an additional food supply and, if so, to what extent will it obviate the necessity for our sending them food? That was the purpose, we were told at the time, of sending this machinery abroad. Are you following it up to see if they are producing additional food and to what extent it will relieve the necessity of our supplying them with food from this side?

Mr. MACK. The shipment of tractors, of course, has been gradual since the inception of the program, but has increased very rapidly recently. I think the proportion that has been delivered up to the fall is about 3,500 tractors, as against a total of some 18,000 that have now been delivered.

We do not have in the Treasury information as to the output of the food supply as the result of the delivery of this equipment.

The CHAIRMAN. You are the purchasing agent?

Mr. MACK. Yes, sir.

The CHAIRMAN. Who in the Department follows up this expenditure to find what results they get and what increase in production follows the use of American machinery over there?

Secretary WICKARD. We have had some of our people who have been over there, who have gone out to observe the need for tractors. One of the problems involved has been the drainage of land which here-

tofore has not been cultivated. We have some engineers over there now, and I believe they are trying to increase their number of acres of cultivated land about 1,000,000 acres a year.

Mr. WHEELER. They have increased about 4,000,000 since the war started.

The CHAIRMAN. Is that a natural increase due merely to an added emphasis on farming, or is it due to the introduction of American machinery; and if so, how much?

Secretary WICKARD. I suspect it will be difficult to answer that. But you can understand that the furnishing of machinery in bringing large tracts of land into cultivation seems to be about the simplest way to do it because that would be cheaper and easier so far as shipping is concerned, because of the difficulty of shipping grain and other things involved. When you cultivate large pastures you have less pasture for horses and you have to rely more on tractors.

Mr. JOHNSON of West Virginia. We are sending a lot of equipment and men over there to redeem farm lands; is that the idea?

Secretary WICKARD. No, sir. We are not sending men over there except a few engineers to advise them on drainage problems.

Mr. JOHNSON of West Virginia. That is to bring into existence additional farm land for their own purposes?

Secretary WICKARD. Yes, sir.

Mr. JOHNSON of West Virginia. Have you ever given thought to what might happen after the war is over, so far as our farmers are concerned?

Secretary WICKARD. You mean we would have less market for our grain?

Mr. JOHNSON of West Virginia. That might be. Have you given any thought to that?

Mr. STETTINIUS. We keep the title to the equipment.

Mr. JOHNSON of West Virginia. I am talking about the land.

Secretary WICKARD. If the land is drained and put under cultivation they would have to import less.

The CHAIRMAN. The thing we are interested in, Mr. Secretary, is that up to this time, whenever any question has arisen as to supplies to be shipped abroad you have asked the governments over there what they needed, and they have told you. Would you not be in a better position if, through your own representatives appraising the situation at first hand, you were in a position to determine for yourself the extent of the need and the result secured?

Secretary WICKARD. Yes, sir. For your information, we are planning to send three men to England within the next few days.

The CHAIRMAN. You do expect to determine the increase in food production abroad and the consequent lessening of the demand upon us?

Secretary WICKARD. Yes, sir. I think you will understand. Regardless of what might happen after the war, as a practical matter, they have to produce their grain, vegetables, potatoes, and things of that kind.

USE OF TIN IN PACKING FOOD

The CHAIRMAN. Mr. Secretary, has the shortage in tin for packaging had any effect on your shipments?

Secretary WICKARD. I think we will have to take the shortage of tin into consideration, but I believe we want to use all the tin that is necessary for shipment abroad, for export, because that is the best way, as I see it, of seeing to it that the food is delivered and can be kept until needed.

I think that will mean more of an adjustment in the processing in this country than in the shipments abroad.

For example, I think we are going, perhaps, to have to use less tin for pork and beans. We will have to give the housewife dried beans and cured pork, rather than canned pork and beans. That will have an effect abroad, and we cannot very well afford, when we have an expeditionary force, or shipments abroad, to be niggardly in the use of tin, because that would be inefficient.

GRAIN PRODUCTS AND SUGAR

The CHAIRMAN. You have one category here for grain products and sugar. It is my understanding that a large part of the cereals needed will be bought elsewhere. As a matter of fact, large quantities are being shipped from Australia and Canada.

What is indicated here by grain products? Do you mean other grain than wheat?

Secretary WICKARD. We have shipped no wheat, and we are not contemplating any shipment of wheat, except to Russia.

The CHAIRMAN. What is meant by grain products as listed here in the justification?

Secretary WICKARD. I suppose mainly from corn.

The CHAIRMAN. In category No. 7, sheet 1, wheat is specifically mentioned.

Secretary WICKARD. Wheat for Russia.

The CHAIRMAN. What other cereals are included?

General SPALDING. Seeds is the principal item.

The CHAIRMAN. What about rice?

General SPALDING. We have shipped no rice.

The CHAIRMAN. What about corn?

General SPALDING. Yes, sir; we have shipped some corn.

The CHAIRMAN. What is meant by other foodstuffs, for which the amount \$53,478,000 is estimated? What other foodstuffs?

Mr. GAUMNITZ. Such things as vitamins.

The CHAIRMAN. Which you do not inventory?

Mr. GAUMNITZ. No, sir.

METHOD OF PURCHASE OF FOOD

The CHAIRMAN. How and where are these food supplies purchased, Mr. Secretary?

Secretary WICKARD. They are purchased on bids in the open markets.

The CHAIRMAN. Who is given an opportunity to bid?

Secretary WICKARD. Everyone.

The CHAIRMAN. That is by publication in the newspapers?

Mr. GAUMNITZ. We send out bids, under ordinary circumstances, to a list of everybody we know of whom we can figure on as being available, or who might be available, to offer bids on particular items. We keep that list current.

The CHAIRMAN. Who has made the best bids, and from whom have you bought the largest amount of supplies?

Mr. GAUMNITZ. It varies by products, but it is very wide. I do not think you can say there is any one firm that supplies a large portion of it.

The CHAIRMAN. What sections of the country have supplied most of this food?

Secretary WICKARD. It depends on the items. Naval stores come from the Southeast, dairy products most largely from the North Central, and in part from the Pacific coast, and some from the Northeast. You get dried fruits almost entirely from the west coast, and your fruit for jam, and the bulk fruit come partly from California and partly from the Midsoutheast.

AGRICULTURAL PRICES

The CHAIRMAN. I notice you say in your statement that there is a slightly higher monthly rate of purchase due to the fact that prices have gone up slightly.

What prices have gone up, and how much have they gone up?

Mr. GAUMNITZ. In comparison with a year ago I should say most of the prices of agricultural products have gone slightly up, probably in the neighborhood of 10 percent.

The CHAIRMAN. Ten percent from the time you began to purchase.

Mr. GAUMNITZ. Yes, sir.

The CHAIRMAN. When did you begin to purchase?

Mr. GAUMNITZ. In April of last year.

The CHAIRMAN. Then from April 1941, up until February 1942, there has been a general over-all increase of 10 percent?

Secretary WICKARD. We are just guessing on that; I do not know.

The CHAIRMAN. Why can't you give us some accurate information on that?

Secretary WICKARD. We will have to make a study of that. Some products have gone up more, I think like pork.

The CHAIRMAN. And some have gone up less?

Secretary WICKARD. Yes.

The CHAIRMAN. What has gone up the least?

Secretary WICKARD. Citrus fruits. We cannot compare the price of eggs because of seasonal production. They are up some, and grain has slightly increased.

The CHAIRMAN. Has this been a steady increase, Mr. Secretary, or has it been a matter of an uneven advance?

Secretary WICKARD. The general line would be up, but there have been periods when things flattened out, and there has not been much increase.

The CHAIRMAN. What has been the trend since the enactment of the price-control bill?

Secretary WICKARD. There has been some increase in meat prices, pork prices in particular.

Hogs have gone up, but I expect eggs are a little cheaper, because that is seasonal production.

As far as fruits are concerned, there is not much difference, and dairy products have been steady since last August, while at present those prices would be above prices a year ago.

The CHAIRMAN. Mr. Secretary, will you supplement your testimony by giving us a statement showing the present prices you are paying for all food products?

Secretary WICKARD. Item by item.

The CHAIRMAN. If you will.

Secretary WICKARD. As compared with last May or June, or something like that?

The CHAIRMAN. It seems to me you might give us those figures for the last reportable date; you could give us the prices you have paid per unit for all agricultural products, and then give us in parallel columns the parity prices of those products.

Secretary WICKARD. We will give you that in the record.

(Information requested may be found in appendix, Statement A.)

The CHAIRMAN. To what extent are you now paying parity prices?

Secretary WICKARD. I think we are paying over parity prices for most items, for hogs and dairy products, and a little below on eggs.

The CHAIRMAN. For what are you paying below parity?

Secretary WICKARD. Below on eggs and below on fruit.

The CHAIRMAN. What are you paying for beef?

Secretary WICKARD. We are buying practically none. I think there is a little that has gone into some sort of canned products.

The CHAIRMAN. I have a letter received this morning from one of the livestock-commission companies at National Stock Yards, in East St. Louis, under date of February 11, which says:

Livestock farmers are rather jittery about what is to be expected from propaganda and rumors coming out of Washington relative to livestock prices, particularly those feeding cattle, as at the present time replacement stockers and feeders are dangerously high if finished cattle do not maintain price levels.

What is the situation in regard to finished cattle?

Secretary WICKARD. Finished cattle have gone up in price. I take it for granted that this inquiry is based upon a rumor or fear that there will be price ceilings put on cattle, and as you know, parity for cattle now is around \$8. I think anybody would recognize that we would be foolish to put a price ceiling on cattle based on an \$8 parity. I am sure nothing like that will take place. We are giving that matter study, and I think we may be in a position to give the country some assurance in the next week or 2.

The CHAIRMAN. In your opinion, at this time, there will be no price ceilings put on cattle for the present?

Secretary WICKARD. Not based on an \$8 parity average.

I do not like to state that there will not be any ceilings put on anything, because I think that is a matter that Mr. Henderson and I will work together on.

The CHAIRMAN. I understand you have veto power under the law. Inequitable.

Secretary WICKARD. If I thought it was inequitable.

The CHAIRMAN. The inference from what you say is that you have no present intention of putting a ceiling on the price of cattle. On what food products do you propose to put ceiling prices?

Secretary WICKARD. I hope as few as possible. Hogs are getting very close to the ceiling price.

The CHAIRMAN. What is the ceiling price on hogs?

Secretary WICKARD. On the basis on which you and I can talk today, it would be about \$13 in Chicago. I believe it was \$12.90 this week.

The CHAIRMAN. What was the peak in the last war?

Secretary WICKARD. The highest was in July 1919, when \$22.60 was paid in Chicago.

The CHAIRMAN. I sold a carload of hogs for \$24.50 at the National Stockyards in East St. Louis in 1920.

What are hogs today?

Secretary WICKARD. They were \$12.70 yesterday in Chicago.

The CHAIRMAN. Hogs are now \$12.70, and hogs and everything else is much higher today than when hogs were \$24.50. The farmer is very moderate in asking mere parity—half of the price he got in the last war, with everything else higher than it was in the last war.

Mr. Secretary, in expending this \$1,300,000,000 for farm products, do you intend to buy at parity or at less than parity?

Secretary WICKARD. We have, as far as I know, no intention of changing our present basis of buying—that is, on the open market.

The CHAIRMAN. In other words, if you can buy at less than parity, you will buy at less than parity? Are you buying at less than parity now?

Secretary WICKARD. We are buying some at less than parity now, but, you see, the immense amount of purchases under this as well as under other Governments programs tends to support the prices, and very few of these prices are below parity; some are above parity.

The CHAIRMAN. Don't you think, Mr. Secretary, that in view of the fact that the Department of Agriculture and the Congress have agreed that the farmers should have at least parity, and that the law provides for as much as 110 percent of parity—don't you think the Government itself, in the purchase of these supplies, should at least observe the principle it has established and pay parity for them?

Secretary WICKARD. Well, I do not think you would expect the Government to pay any higher price than anybody else would pay for a product.

I am not informed that we are supposed to buy products at 110. That was a ceiling which was in the price-control bill, which I do not think has anything to do with other governmental operations.

The CHAIRMAN. That is true, but it established the policy of the Government, and that policy calls for parity.

Secretary WICKARD. Yes, sir.

The CHAIRMAN. As to the other products—the products of industry—bought with lease-lend funds appropriated by this bill and to be shipped abroad in the same ships with these farm products, such as guns, powder, tanks, and planes, are they being sold at less than parity?

Secretary WICKARD. I do not know.

The CHAIRMAN. Is the labor that goes into them and the material that goes into them—is there any chance that they should be sold for less than parity?

Secretary WICKARD. I suspect not.

The CHAIRMAN. Is it not a fact that the materials and the labor, the component factors in the production of these industrial commodities we are shipping abroad under lease-lend appropriations, are being

bought at the highest prices ever paid in wage scales and matériel prices in the history of the world?

Secretary WICKARD. I am not sure. I think perhaps that is true, that our general wage levels are about as high as they have ever been.

The CHAIRMAN. If we are paying these peak prices for industrial products, some of them three times as high as they were bringing when hogs were selling at \$24.50, cattle at \$18, and cotton at 35 cents, don't you think it is both reasonable and fair to pay a mere parity price about half what they were selling for during the last war for farm products?

Secretary WICKARD. I think, Mr. Chairman, that present farm prices will average about 102 percent of parity in the last month, which are very good prices, so far as farmers are concerned. I have had little or no complaint from farmers about their prices.

The CHAIRMAN. I agree with you on that, and all farm organizations take the very commendable position, that if you pay parity they are satisfied. They are not trying to profiteer. They are not trying to get the two or three hundred percent paid labor and industry.

In view of the fact that they are the only group in America today who are willing to take reduced prices, don't you think a request for parity is a modest one?

Secretary WICKARD. They are getting about 102 percent of parity. Corn and wheat are not selling at parity, but the cooperative farmer is getting parity when the Government payments are taken into consideration. So I think our program is operating so that farmers, as a whole, are getting parity returns.

The CHAIRMAN. And out of this \$1,300,000,000 you expect to pay prices which in your opinion will average parity?

Secretary WICKARD. I think the prices will average parity.

The CHAIRMAN. I am very glad to have you say that.

Are any administrative expenses, storage expenses or transportation expenses included in the \$1,300,000,000, or is it all for food?

Secretary WICKARD. No; it is not all for food.

General SPALDING. Storage and transportation are included.

ADEQUACY OF DOMESTIC FOOD SUPPLY

The CHAIRMAN. Is the food production of the United States sufficient to maintain our own population and at the same time supply this food to be shipped abroad?

Secretary WICKARD. Yes, sir; I think the total supply of food, so far as I can see now, will be ample to take care of our own requirements as well as to supply these other amounts. I am not going to say we are going to be able to provide all that consumers would like to have of every single item. There may be some items they will not be able to have.

Our own requirements have increased, because more people are at work and they have more money with which to buy. But I do not believe any one's diet will need to suffer because of shortage of food.

RATIONING OF ENGLISH PEOPLE

The CHAIRMAN. What improvement, if any, has there been in the English ration due to lend-lease contribution from America.

Secretary WICKARD. For a while there was quite a little improvement. I think it stepped up their cheese ration, and I think there was some improvement on fats. But more recently they have had to reduce the ration.

The CHAIRMAN. Even including what they secured from us, it was not sufficient to maintain the ration they had theretofore maintained?

Secretary WICKARD. No, sir. But I think that was due to the cutting off of shipments from New Zealand and Australia.

It seems to me everyone in this country has an interest in seeing that the British people are well enough fed to keep them at the peak.

The CHAIRMAN. You are asking for increased production on the part of all American farmers, and you are securing compliance with that program?

Secretary WICKARD. Yes; it is very gratifying.

POST-WAR AGRICULTURE

The CHAIRMAN. Is there any assurance that when the war ends, it ends suddenly, as we hope it will—American agriculture will not be geared to a rate of reduction that will result as disastrously as it did at the close of the last war?

Secretary WICKARD. Of course, there is that danger, the same as there is a similar danger in industry.

Industry will be geared to the production of certain things, to a point where there will be a great let-down of activity. That is why I am asking that this \$500,000,000 be continued, and I hope it will be continued, to pay farmers for products which they have planted, or for livestock which is in production, and it is very probable that that increased amount of food will be needed by a number of countries when the rehabilitation effort takes place.

SUGAR AND OTHER RATIONING

The CHAIRMAN. Is sugar rationing to be ordered in the near future, Mr. Secretary?

Secretary WICKARD. That is what I read in the papers. I am rather hesitant about saying anything about sugar these days.

The CHAIRMAN. Who determines that?

Secretary WICKARD. Mr. Henderson.

The CHAIRMAN. Is there any likelihood that other foods will be rationed?

Secretary WICKARD. I know of none.

The CHAIRMAN. And your supplies are sufficient, with this one exception, to maintain the Nation during the war, without rationing?

Secretary WICKARD. I would not say during the entire war. That is taking in too much time and territory.

The CHAIRMAN. If any food would become subject to rationing, what food would it probably be?

Secretary WICKARD. I could not tell you now.

The CHAIRMAN. What are we shortest on at this time?

Secretary WICKARD. I just do not know. Right at the present time there is not exactly a shortage of meat, but the meat prices are pretty high, with cattle at \$14 and hogs at \$12.90, which indicates that the consumers are buying larger quantities.

I do not think there is a shortage of meat, and I hope there will be no need for rationing meat.

We do know that the supply of oils and fats which we have been getting from the Far East has been cut off, and in a year or two, unless we increase our own production, there may be some shortages in that line. But we do have good supplies on hand, and we are raising more soybeans, flax, and other high oil yielding crops.

I think, however, if our production plans go through, we should not have any shortage of oils and fats a year from now.

The CHAIRMAN. Is there any objection to including in the record the tabulation on page 11 of the justifications?

Secretary WICKARD. No; I think not.

The CHAIRMAN. I wonder if you could translate into dollars what you have here and tell us what amounts are involved?

Secretary WICKARD. We will try to do that.

(The statement above referred to is as follows:)

CATEGORY 7, AGRICULTURAL COMMODITIES, DETAILED BREAK-DOWN

Item:	<i>Proposed appropriation</i>
Meat products and fish:	
Meat and meat products-----	\$361, 575, 000
Fish and fish products-----	40, 533, 000
Subtotal-----	402, 113, 000
Egg and dairy products:	
Eggs and egg products-----	180, 799, 000
Dairy products-----	144, 085, 000
Subtotal-----	324, 884, 000
Fats and oils-----	111, 540, 000
Grain products and sugar:	
Grain products (including cereals, seeds, and rice)-----	83, 881, 000
Wheat and sugar-----	88, 652, 000
Subtotal-----	171, 933, 000
Fruits and vegetables-----	61, 533, 000
Other foodstuffs-----	53, 478, 000
Cotton-----	90, 670, 000
Tobacco-----	75, 231, 000
Naval stores-----	8, 614, 000
Total agricultural products-----	1, 300, 000, 000

CATEGORY 6.—FACILITIES AND EQUIPMENT, DEPARTMENT OF AGRICULTURE

The CHAIRMAN. Then, on page 8 of the justifications, in category 6, there is an item of \$10,000,000 included in one of \$35,000,000, which also goes to agriculture. What disposition will be made of that sum, Mr. Secretary?

FACILITIES

Mr. GAUMNITZ. There is an item of \$10,000,000 in the figure for agricultural facilities. That item is requested because there is a possibility that that may be needed for certain lines, as, for example, certain dairy products and plants. Plants are short. That has also

been the case in concentrated citrus juices. In some of those cases it has been necessary and desirable to increase facilities.

The general proposition is that the policy thus far has been to have such additional facilities constructed under contract and then leased to firms for production.

The CHAIRMAN. The title to remain in the United States?

Mr. GAUMNITZ. Yes; the title to remain in the United States.

The CHAIRMAN. You think \$10,000,000 will cover that?

Mr. GAUMNITZ. That is problematical, of course. But I think it looks like it would cover it for the time being.

PURPOSE OF LEND-LEASE AGRICULTURAL AID

Mr. WOODRUM. Mr. Secretary, the purpose of this lend-lease program, so far as the Department of Agriculture is concerned, is to get to our Allies needed food products?

Secretary WICKARD. Yes, sir.

Mr. WOODRUM. On the theory that it is as necessary to keep them eating as it is to keep them supplied with ammunition for the guns?

Secretary WICKARD. I think so.

Mr. WOODRUM. That is fundamental, and I think we all agree to that.

Secretary WICKARD. Yes, sir.

Mr. WOODRUM. We do not consider it in any sense a farm-relief program; do we?

Secretary WICKARD. I do not.

Mr. WOODRUM. I am glad you do not.

As a matter of fact, of all the people that are having to contribute, and we all have to contribute, the farmers are getting off very well indeed, because they are getting more than parity?

Secretary WICKARD. About parity.

Mr. WOODRUM. No arrangements have been made for parity for automobile dealers, or salesmen, or countless thousands of other American citizens who have gone out of business because of this war; they have to "take it?"

Mr. RABAUT. They have parity in reverse.

Mr. WOODRUM. Yes. In this matter, however, the procedure is such that the farmer will be taken care of, but in no sense is our primary effort to keep up rising prices for farm products?

Secretary WICKARD. No; but I think you have to pay the farmers something like production costs.

Mr. WOODRUM. That is all right, but we do not guarantee that to anybody else.

Secretary WICKARD. I do not think you ask the automobile manufacturer or the gun manufacturer or the munitions manufacturer to sell his product at anything less than cost.

Mr. WOODRUM. We have some people who deal in tires, and we have taken all of their automobile tires; they are out of business and some of them are in bankruptcy. And we have some salesmen who have not jobs. They are out of jobs and automobile dealers are out of jobs. We are converting automobile manufacturing plants, and heaven only knows whether they will ever be converted back again, or who will do it, or how.

I am not quarreling about it. I am glad we are taking care of the farmers, but do not get the idea that this is a farm-relief measure. You do not have that idea; do you?

Secretary WICKARD. No; it is too hard to get production, to get spraying materials, fertilizers, rubber, and everything else.

ADEQUACY OF AGRICULTURAL AID

Mr. WOODRUM. Have we been able, substantially, to supply the food products that we have been committed to supply to our Allies?

Secretary WICKARD. I think we have, substantially. But there have been times when Great Britain would like to have had more of certain products. One dairy product we have sometimes had a little difficulty in getting has been cheese.

Mr. WOODRUM. Are they fairly well satisfied with our performance?

Secretary WICKARD. They tell me they are.

Mr. WOODRUM. Does that apply to Russia, too?

Secretary WICKARD. I think our shipments have been so meager that I would not want to say they have been satisfied with what they have received, but I do not think they can say to the Department of Agriculture that we have not made available what they have asked for.

Mr. GAUMNITZ. I think they have been disappointed to some extent, but not because of our inability to get them what they want.

Secretary WICKARD. Yes.

Mr. GAUMNITZ. That goes beyond agriculture.

Mr. WOODRUM. Referring briefly to sugar, Mr. Secretary, one of our colleagues on the floor of the House the other day made the statement, which is in the Congressional Record, that the reason given for the sugar shortage was that they needed sugar to make alcohol for the defense program. He pointed to large stocks of wheat and grain and said alcohol can be made from grain with very little difficulty, and that there would not necessarily be any sugar shortage.

Secretary WICKARD. I could not agree with that statement, that you can take care of the sugar problem wholly by using corn and wheat for making alcohol.

The reason for that is that we have lost so much of the importations from the Philippines and Hawaii, and so much of the Cuban crop has been taken for shipment to European countries, and there is not enough of distilling capacity for corn and grain to make up that shortage now.

At the present time we are getting the distillers of whisky and other products to the point where they are using grain, both wheat and corn, for that purpose. But even at that, if we used the entire distilling capacity of the whisky distilleries, I am sure we could not solve this problem. My criticism is that we did not start soon enough.

The Department of Agriculture advocated the stopping of making whisky and the diversion of plants to producing 194 proof alcohol last July, but I think that until recently we have not been able to get as much of the past use for this purpose as we sought.

Mr. WOODRUM. In connection with this allocation of \$3,567,115,000 for agricultural, industrial, and other commodities, the only part that comes under your jurisdiction is an item of \$1,300,000,000 for agricultural products?

Secretary WICKARD. Yes, sir.

Mr. WOODRUM. The other items come under other agencies?

Secretary WICKARD. Yes, sir.

Mr. WOODRUM. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Ludlow.

PURCHASES OUTSIDE UNITED STATES

Mr. LUDLOW. Mr. Secretary, I have been very much impressed with your able presentation of this subject. I think you have answered nearly all the questions I have in mind, but there are two or three questions that occur to me that I would like to ask. I believe you stated, in connection with the Icelandic purchases that the dollars spent out there reverted to the United States for purchases in this country. Is that true with reference to other foreign purchases that you contemplate making, or will that be true of them?

Secretary WICKARD. Yes, sir. Of course, it would be in the case of sugar. Our purchases there ordinarily are to enable them to buy a lot of things from us. That applies to even agricultural products, such as our pork purchases, rice purchases, and things of that kind.

Mr. LUDLOW. And in those indirect ways there would be a reimbursable feature for these operations?

Secretary WICKARD. Yes, sir; to some extent.

Mr. LUDLOW. Would that be substantial?

Secretary WICKARD. I am not positive that it would be substantial at the present time.

PAYMENT FOR AGRICULTURAL COMMODITIES

Mr. LUDLOW. Let me ask this question: In furnishing these food products to foreign countries, do you take any notes or obligations, or is this a part of our contribution to the war?

Secretary WICKARD. No, sir; a very accurate record is kept of everything.

Mr. LUDLOW. When you say an accurate record or accounting is kept of it, is any security taken for it, or is there any expectation of its being paid?

Secretary WICKARD. I think it is the duty of the State Department, under the master agreement, to handle that. I am not familiar enough with it to answer the question accurately.

Mr. LUDLOW. You say that a careful accounting is kept?

Secretary WICKARD. I know that we keep accounts of it in the Department of Agriculture.

PURCHASE AT PARITY AND OPEN-MARKET PURCHASES

Mr. LUDLOW. In line with the chairman's question in reference to the total volume of lend-lease purchases, could you estimate—I know it would be rather vague but, nevertheless, it would be an estimate—what the dollar differential would be between purchases at parity and purchases on the open market, in the total volume?

Secretary WICKARD. Our purchases average some place around parity now.

Mr. LUDLOW. There has probably been no differential, then, at all?

Secretary WICKARD. I do not know whether there would be, or not. I think we might make a study of that.

Mr. LUDLOW. But whatever the differential is estimated to be, it would come out of the taxpayers in the end, of course.

Secretary WICKARD. Yes, sir; I think so, or the reimbursement would.

The CHAIRMAN. With the gentleman's permission, I would like to have the Secretary supplement his statement with a table giving all that information.

Mr. LUDLOW. I would be glad to have that. Would it involve much of a task?

Secretary WICKARD. We will try to make some general statement on that.

(Information requested may be found in appendix, Statement A.)

AGRICULTURAL PRODUCTS IN STORAGE

Mr. SNYDER. Mr. Secretary, concerning the ever-filled granary, can you state how many bushels of wheat we have stored up, approximately?

Secretary WICKARD. I think I might answer you in a more informative way by saying that at the end of this crop year, starting with the new harvest in July, we will have between six and seven hundred million bushels of wheat left over, or about a 1 year's domestic supply.

Mr. SNYDER. How much corn do we have stored?

Secretary WICKARD. We will have between 500,000,000 and 600,000,000 bushels of corn remaining over at the end of this year. That is dependent upon two things: The amount of increase in feeding and, also, wherever we can get a substitution of wheat for corn in the distilling industry and particularly in the dairy and poultry feeding operations in the northeastern part of the country.

Mr. SNYDER. You will have between 500,000,000 and 600,000,000 bushels supply left over?

Secretary WICKARD. Yes, sir; that is the estimate. We produce about 2,500,000,000 bushels of corn on the average.

Mr. SNYDER. The supply left over would be about one-fifth of the production?

Secretary WICKARD. Yes, sir. I think you could add to that five or six hundred million bushels of wheat. I believe we would have a billion bushels of all grain that could be used for feeding purposes to be carried over into next year.

Mr. SNYDER. How many potatoes?

Secretary WICKARD. We could not get any advantage from potatoes, because we cannot carry them over very well.

Mr. SNYDER. I think that all of the countries have been making a mistake about their preparation for the war in this great struggle. It seems to me that we must be prepared for a long struggle, and that should be our frame of mind. I think we must look ahead and prepare for the worst. We come now to this farm situation in America, and I think we should raise more wheat, corn, and potatoes this year. You want them to raise one-third more this year in the United States than was produced last year.

Secretary WICKARD. Of some items we are wanting to raise more than that.

Mr. SNYDER. I mean the whole production for eating purposes. Could we raise one-third more food for consumption?

Secretary WICKARD. We hope to raise about one-fifth more this next year, over-all, than we raised in the 1936-40 average. In some items we will want an increase of more than one-fifth, and in some items we should produce less. One of those items is wheat, because it is a question what we will do with the wheat. We do not have the storage for it, and we cannot get steel with which to build elevators. Besides, we do not have the transportation. I hope we will produce all we can of those various things this year, because next year our difficulties may increase, not only through a shortage of labor, but we are expecting transportation difficulties. I am expecting those difficulties when the wheat crop comes in. We have a prospect of the best yield of winter wheat that we have had for years. May I say that in our over-all program we are trying to produce as much as we can, but not of all products, because then we would produce something of which we already have a surplus, and that would decrease the production of things that we are more in need of.

Mr. SNYDER. I do not think we can produce too much of materials that can be kept without spoilage. I do not think we should prepare for anything less than a 5-year war.

FOOD SUPPLIED BY CANADA

Mr. LUDLOW. One of our most important wheat granaries in the Western Hemisphere is in Canada, and I would like to ask how much grain Canada is contributing to this war effort?

Secretary WICKARD. They supply practically all that England needs.

Mr. LUDLOW. Do you have any figures as to the volume?

Secretary WICKARD. No, sir.

Mr. WHEELER. They ship something like 200,000,000 bushels.

Mr. LUDLOW. To England?

Mr. WHEELER. To the United Kingdom.

Mr. LUDLOW. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Johnson?

Mr. JOHNSON of West Virginia. Mr. Secretary, where are you from?

Secretary WICKARD. From the same State that Mr. Ludlow is from. They call it the Hoosier State.

ALLOCATION OF ESTIMATE BY COUNTRIES

Mr. JOHNSON of West Virginia. Referring to this \$500,000,000 that you expect to have, how do you propose to use that money, or what is it for? I want to get that clearly in mind.

Secretary WICKARD. Are you referring to the \$500,000,000 appropriated the last time?

Mr. JOHNSON of West Virginia. I mean what you are asking for now. You ask for \$500,000,000, do you not?

Secretary WICKARD. No, sir; for \$1,300,000,000. The \$500,000,000 referred to awhile ago was appropriated under the second lend-lease appropriation bill, and was to be used as a sort of contingent fund

to take care of the congressional mandate or law which said we must protect the farmer against price collapse when we ask him to increase his production. *

Mr. JOHNSON of West Virginia. Is not that on the same principle as the request of the President for three or four hundred million dollars to take care of the automobile workers in Detroit?

Secretary WICKARD. It may be, but it is not quite that. I would say that it would be more nearly like a situation in which you have asked a man or a corporation to build an airplane factory and to purchase materials for the production of airplanes; and then, for some reason or other, you found you did not need the airplanes. After he had made that investment and purchased the materials, you would have to make some sort of settlement with him.

Mr. JOHNSON of West Virginia. You are drawing a distinction there between material needs as compared with human needs. In other words, it is all right to protect material needs against eventualities, but it is not all right to protect human needs.

Secretary WICKARD. On that matter, I would like to say that I am for the principle of protecting the human element involved in the factor of production, because I hope that from this we will not have a collapse of farm prices, throwing the producers into bankruptcy as was the case after the last war, driving the farmers off the land, taking away their life savings, and putting them on relief.

Mr. JOHNSON of West Virginia. We are doing that in some industries now, are we not? Are we not driving them away from their production?

Secretary WICKARD. Yes, sir; but that goes with war.

Mr. JOHNSON of West Virginia. You are not interested in that?

Secretary WICKARD. In the Department of Agriculture I am interested in seeing that these people get every assistance that can be given them.

Mr. JOHNSON of West Virginia. What is this \$1,300,000,000 for?

Secretary WICKARD. That is for current purchases of food to be sent to our allies between February 28, 1942, and December 31, 1942.

Mr. JOHNSON of West Virginia. Can you give an approximate estimate of how much of this goes to the United Kingdom, how much to Russia, and how much to China?

Mr. GAUMNITZ. Out of the \$1,300,000,000, there will be something over \$200,000,000 for Russia, and there is an item of \$2,000,000 more for Polish refugees in Russia.

Mr. JOHNSON of West Virginia. How much of it goes outside of the United Kingdom?

Mr. GAUMNITZ. Only \$202,000,000.

Secretary WICKARD. Only \$200,000,000 is set up so far for Russia.

Mr. JOHNSON of West Virginia. The rest of it is to go to the United Kingdom?

Secretary WICKARD. Yes, sir.

Mr. JOHNSON of West Virginia. Do you not think that Russia and China are in this war, and that it would be better to look after them a little bit?

Secretary WICKARD. I would be happy to do that if somebody would furnish the transportation.

Mr. JOHNSON of West Virginia. You have had no trouble up to the present time in getting transportation to the United Kingdom, have you?

Secretary WICKARD. That is because we have had convoys for it. Shipping is down greatly from what it was a few months ago.

Mr. JOHNSON of West Virginia. You keep in touch with the shipping situation, do you not?

Secretary WICKARD. Yes, sir.

LIAISON IN ENGLAND

Mr. JOHNSON of West Virginia. Do you keep anybody at London to look after the foodstuffs we are shipping over there, or how do you keep track of it?

Secretary WICKARD. We have an agricultural attaché in the State Department's office there, and Mr. Harriman's mission makes observations. As I said awhile ago, we are planning to send two more men over there, one to remain and one to come back.

Mr. JOHNSON of West Virginia. Did you hear the radio address delivered by a gentleman in London the other night, in which he said that he went down to a place on one of the sportiest streets and found that the people were having a big time, with wine, sugar, and the best of food? Did you hear that address in which he told how they were enjoying themselves?

Secretary WICKARD. Yes, sir.

Mr. JOHNSON of West Virginia. What did you think about it?

Secretary WICKARD. I do not know what to think about it. I suppose I am like a lot of other people in this country that have asked the British people what about that.

Mr. JOHNSON of West Virginia. You are a little concerned about it, are you not?

Secretary WICKARD. Yes, sir. I understand that that was a description of some activity in the Savoy Hotel in London, and I suspect we could find frivolous things going on in this country at the present time.

Mr. JOHNSON of West Virginia. But we are not exactly in the same category. You know that, do you not?

Secretary WICKARD. I think we are subject to the same dangers.

Mr. JOHNSON of West Virginia. But we are not in exactly the same category.

Secretary WICKARD. Not yet; no, sir.

Mr. JOHNSON of West Virginia. And we are not asking anybody to help us, are we?

Secretary WICKARD. No, sir. I want to give the information I got from the British Food Mission in this country, which was to the effect that that was undoubtedly the swankiest place in London at the present time. I believe the man who was broadcasting from the hotel asked why not convert it into some sort of munitions factory, or as a place to produce things needed for the war.

Mr. JOHNSON of West Virginia. We are doing that now in this country. We have converted a lot of factories into war production.

Secretary WICKARD. But not the Waldorf-Astoria.

STORAGE OF CEREALS

Mr. JOHNSON of West Virginia. I was born on a farm and grew up on a farm and know a little about it. That is the reason I asked where you were from. You were talking about the storage of wheat. Did you ever try to get the farmers to store their own wheat?

Secretary WICKARD. Yes, sir. And if they had not done that this year, there would have been a lot of wheat piled up on the ground as was the case in the thirties. This year we had the biggest crop we have ever had, but you do not hear of any wheat stored on the ground, as we had in 1930 and in some other years when we had big wheat crops. When they had that big wheat crop in Kansas, that is what they had to do, but now, because of the advice we have given to farmers, they have put in bins. Fortunately, they could get wood for the construction of the bins, and I suspect that we have more wheat stored on the farm today than we ever had before.

Mr. JOHNSON of West Virginia. I can remember quite well when most of the farmers in my section stored their own wheat, and did not sell it immediately. They would keep it for a year, and sometimes beyond a year. I am wondering whether in going around among the farmers, or among the individual farmers, you make an effort to see that they will provide for home storage of wheat.

Secretary WICKARD. Yes, sir; we put on a very intensive drive for that purpose. Practically all of our corn is stored on the farms. You can store corn more easily on the farm in the ear than wheat. If they use a combine, the storage of wheat on the farm is more hazardous than where they use binders and threshing machines.

Mr. JOHNSON of West Virginia. I do not think anybody wants to make any money out of the war. The farmers do not, and the lawyers do not. I think that if you would go out among the farmers, as I think you should, individually, and present this case to them, you would have no trouble with the storage of the yield of wheat or corn. That is my opinion.

Secretary WICKARD. We have had no difficulty yet with the farm storage of corn. As I have said, wherever it is practicable, we have put on campaigns to encourage the storage of wheat on the farms and, as I have said, much more has been stored on the farms than was the case a few years ago, as a result of putting that campaign on. But for that, we would have wheat piled on the ground now as we had in the 1930's.

The CHAIRMAN. Mr. Rabaut.

Mr. RABAUT. Mr. Secretary, I recognize your position of Secretary of Agriculture, and in such a position I respect very much the work that you champion in the Department of Agriculture; but I want to say that I hope the Department of Agriculture, under your able leadership, will not take the lead in raising prices, but rather that you will set the market as it is. I do not think it would be the duty or function of your Department to reduce prices, or to force a reduction of prices, but I think it would be your duty to try to keep them within reason, and I presume and hope that that is what you are trying to do.

I have nothing further on the record, Mr. Chairman.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. The questions I have to ask should probably be asked of Mr. Stettinius. Do I understand that, in your part of this program,

any of this amount goes for the actual purchase of articles from the United Kingdom?

Secretary WICKARD. No, sir.

Mr. O'NEAL. Of the part that you have, is there anything going for purchases from the United Kingdom, or from any other of these countries?

Secretary WICKARD. I do not know of any purchases.

LEND-LEASE IN REVERSE

Mr. O'NEAL. I understood Mr. Stettinius to say—and I think it is a wise thing to do—that in some places, where the material is available, instead of shipping it over there, they will actually buy it in the local markets.

Mr. STETTINIUS. They lend-lease them back to us, and there is no transfer of funds.

Mr. O'NEAL. Suppose there is material in some place for rubber tires, and you have agreed to furnish the United Kingdom with tires. Rubber would be the only thing that you would want. In that case, what would be the fiscal transaction?

Mr. STETTINIUS. We would not want the rubber. We will say it is needed in Australia, and rather than bring the rubber across the ocean and make the tires or tubes, we would leave the rubber there.

Mr. O'NEAL. From whom would you buy it?

Mr. STETTINIUS. We would not buy it.

Mr. O'NEAL. How would you acquire it?

Mr. STETTINIUS. We would not acquire it. The Australians would use the tires themselves, but instead of manufacturing the tires here, we would send them molds and chemicals that they would use in making their own tires.

Mr. O'NEAL. What would be the financial involvement in that?

Mr. STETTINIUS. We would supply the molds and some chemicals.

Mr. O'NEAL. All we would do would be to supply part of the material?

Mr. STETTINIUS. Yes, sir.

Mr. O'NEAL. There is nothing in connection with this where we make any actual purchases from any foreign country, or any of the countries mentioned in the bill, of any material on the market?

Mr. STETTINIUS. With the exception of Peru, Iceland, and Cuba, already referred to.

Mr. O'NEAL. We make no purchases from the United Kingdom for any of this program?

Mr. STETTINIUS. That is right.

Mr. O'NEAL. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Taber.

BALANCES IN PREVIOUS ALLOCATIONS FOR AGRICULTURAL COMMODITIES

Mr. TABER. I want to go back to this appropriation that is before us, and to ask a few questions relative to that.

On page 11, it appears that there have been appropriations for agricultural, industrial, and other commodities of this nature, available, or there seems to have been available, according to the last report.

\$3,043,000,000. How much of that is obligated now for the purchase of agricultural commodities?

Secretary WICKARD. \$1,300,000,000.

Mr. TABER. From the previous appropriation?

Secretary WICKARD. No, sir.

Mr. STETTINIUS. As of January 31, there was allocated to the Department of Agriculture \$994,000,000, and they had obligated as of that date \$660,000,000. They had actually expended as of that date \$420,000,000.

Mr. TABER. How much had they shipped?

Mr. GAUMNITZ. Approximately \$470,000,000.

Mr. TABER. That would hardly go. They would be shipping more than they had paid for.

Mr. STETTINIUS. I have given you the score board as of January 31.

Mr. GAUMNITZ. There was a little delay in the actual transfers. That is the reason for the difference in the figures.

Mr. TABER. You mean that they have shipped about \$470,000,000 worth?

Mr. GAUMNITZ. Actually there are more shipments than expenditures charged to lend-lease at any particular time.

Mr. TABER. I would like to have you give me that picture broken down as to each item that appears here on page 11 of this statement. You have \$334,000,000 that was not obligated out of the last allotment, and that does not include the \$500,000,000 reserve that is set up in the appropriation for that particular purpose.

Secretary WICKARD. That is right.

Mr. TABER. Within what time do you expect to obligate that sum?

Secretary WICKARD. The \$500,000,000 or the \$1,300,000,000?

Mr. TABER. The \$334,000,000.

Secretary WICKARD. We have all of that obligated except about \$150,000,000. We will have it obligated by February 28.

Mr. TABER. By the end of February you expect to obligate all of that?

Secretary WICKARD. All but \$150,000,000.

Mr. TABER. The \$500,000,000 you are not expecting to obligate by the end of the present year?

Secretary WICKARD. No, sir.

Mr. TABER. How rapidly do you expect to use the \$1,300,000,000? How much of that do you expect to obligate within the next 9 or 10 months? Do you expect to obligate it within that time?

Secretary WICKARD. Yes, sir; within 10 months. We will also spend the \$150,000,000, or that will be obligated between now and February 28.

Mr. TABER. You expect all of it to be obligated by the 1st of March?

Secretary WICKARD. Yes, sir. Let me explain that. I think we are straight on it. We are asking \$1,300,000,000 here, and there will be \$150,000,000 left out of the previous appropriation. I think we will probably use the \$1,300,000,000 plus the \$150,000,000 between now and December 31, 1942. Now, that is a long way off, and what will happen between now and then nobody knows. I do not know what the shipping situation will be, and I do not know how the Russian matters will turn out. We have set up \$202,000,000 that would go to Russia, and more may go to Russia than that. The allocation must be made

flexible. These are the estimates, but they do not necessarily bind us to shipping them to those countries in the amounts that we have named here this morning.

Mr. TABER. You do not have to state exactly what you will ship to anybody. We do not expect that you will be bound to that, or as to the amounts. As to the amount that you are planning to obligate, I understand that the \$1,300,000,000 will be obligated within 10 months.

Secretary WICKARD. I understand that it is figured that it would be \$1,450,000,000.

Mr. TABER. That is what you would get by the 1st of March. You are not including the reserve.

Secretary WICKARD. No, sir.

Mr. TABER. That would mean from \$160,000,000 to \$200,000,000 of average shipments between now and the 1st of June?

Secretary WICKARD. Do not let us get shipments, allocations, and obligations confused.

Mr. TABER. Well, they have told me that your shipments to date ran practically up to your obligations. Now, I would like to have something showing what you are anticipating.

Secretary WICKARD. I expect all the funds which have previously been appropriated, and all of the proposed \$1,300,000,000, to be obligated by the end of this year with the exception of the \$500,000,000, and that, as I say, is just an estimate. We may have to come up here and ask for more before the end of the year, or we may have some left over; but that is the best estimate we have.

Mr. TABER. Have you demand enough in sight from other countries—that is, requests enough—for these shipments to cover these figures?

Secretary WICKARD. Yes, sir. I will be quite frank about it. Our request to Mr. Stettinius's office was for a little more than what is here.

Mr. TABER. Was that based upon requests from abroad?

Secretary WICKARD. It was based upon requests and our ability to supply, and what we thought was needed by them.

Mr. TABER. Can you give us that information broken down as to this table that I requested, or is it not possible for you to do that?

Mr. GAUMNITZ. Do you mean a break-down of that entire sum, item by item?

Mr. TABER. Yes; as to obligations, expenditures and shipments.

Mr. GAUMNITZ. I would doubt whether it ought to go in the record. We can supply the figures.

The CHAIRMAN. Without objection, it will be given off the record.

Mr. TABER. How long would it take you to do that?

Mr. GAUMNITZ. A day.

Mr. TABER. I think that is all I care to ask.

PROPORTION OF LEND-LEASE FOOD TO TOTAL BRITISH NEEDS

Mr. WIGGLESWORTH. Mr. Secretary, what is the monthly rate to the United Kingdom doing? Is it increasing or is it on a level?

Secretary WICKARD. I might tell you the trends as we started in. Last summer the rate of shipment increased much more rapidly than we foresaw, and if you will remember, Mr. Wigglesworth, we were

given, I think, about \$300,000,000 out of the first lend-lease appropriation, but we spent between \$450,000,000 and \$500,000,000 out of that. So you can see that the shipments went up very fast, and they continued to increase until December, I believe, when there was a leveling off, and at the present time the rate of shipment is not as high as it was in October and November.

(Discussion off the record.)

Mr. WIGGLESWORTH. You have told us, I think, when we discussed this item previously, that we were assuming about 25 percent of the food burden for Great Britain.

Secretary WICKARD. About 25 percent of the protein needs for Great Britain; yes.

Mr. WIGGLESWORTH. That has increased?

Secretary WICKARD. Yes; about 25 to 28 percent, I think our figures are now.

Mr. WIGGLESWORTH. What steps, if any, is the Department of Agriculture taking to see that our shipments to Great Britain are required for their actual needs and not going beyond that point?

Secretary WICKARD. We have had two of our people there. The Under Secretary of Agriculture and Mr. Evans, of triple A, have been in England and have made observations as to the diets of the people, the distribution of food, the way our products are arriving, whether they are properly packaged and properly preserved; and, as I said a while ago, three men are leaving very shortly, and those men are in addition to the men in Mr. Harriman's office and those men who are attached to Mr. Winant's office.

Mr. WIGGLESWORTH. You are satisfied, as far as the agricultural portion of this appropriation is concerned, that we are not exceeding what is absolutely essential for those to whom we are shipping?

Secretary WICKARD. Mr. Appleby's and Mr. Evan's observation was that the English people, when they were there, were not getting sufficient food for their dietary needs in order to keep up as they should their civilian production, and I believe they were told by some of the people that if they could have all of the food that they really would like to have, and really needed, their war production might step up 15 or 20 percent.

I am satisfied that they need all we are shipping, and more.

SURPLUS AGRICULTURAL PRODUCTS IN STORAGE

Mr. WIGGLESWORTH. To what extent do the agricultural supplies that we are sending come out of things that we are storing in this country? Are we cutting down those items at all?

Secretary WICKARD. Yes, sir; we are, with the possible exception of wheat. That is, we are not shipping any wheat, and our consumption of wheat in this country is not increasing. As a matter of fact, I believe it is decreasing a little. Of course, if we can get some wheat into the production of dairy, meat, and poultry products, and those products are shipped, that will help to cut down, to some extent, at least, the surplus of wheat.

Now, the amount of corn that is in storage undoubtedly is going to be a lot less because of increased livestock and poultry feeding, and the amount of cotton that has been shipped, of course, cuts down the

surplus of cotton. There has been quite a little tobacco shipped under lend-lease arrangements, and the tobacco consumption apparently increases with the war effort in any country.

So I can say that there has been a material decrease in the amounts of agricultural products in storage with the exception of wheat.

The CHAIRMAN. Thank you, Mr. Secretary.

FRIDAY, FEBRUARY 13, 1942.

CATEGORY 9—SERVICES AND EXPENSES—NAVY DEPARTMENT

AIRPLANE PILOT TRAINING

The CHAIRMAN. We will take up the Navy pilot training item, which is for training airplane pilots of other nations.

USE OF LEND-LEASE FUNDS IN 1943 NAVAL APPROPRIATION ACT

Captain Hendren, we have an item here of \$5,000,000 for Navy pilot training; but in the Naval Appropriation Act for 1943 we authorized the use of 2½ billion dollars for lend-lease. Would it be in keeping to charge this \$5,000,000 to that 2½ billions?

Captain HENDREN. Mr. Chairman, I think the only objection to that is a purely legal or mechanical one, in that the Navy Department appropriation bill provides for the transfer of finished items of munitions and not for the transfer of services such as the pilot training would fall into. In other words, this \$5,000,000 is to pay for the tuition, subsistence and housing of British student pilots.

The CHAIRMAN. I have the impression—my memory may be amiss on that—but I have the impression that we provided that 2½ billion dollars, out of that fund should be used for any lend-lease purposes. Is there any restriction under which it could not be used for such a purpose as this?

Captain HENDREN. I think there is, Mr. Chairman. I think the language in the Navy Department appropriation bill provides for lease, transfer, sale, and so forth, of items, and not services.

The CHAIRMAN. Here is section 301 of title III of the Defense Aid Act. It speaks of—

any other defense article procured from the funds appropriated in this act.

You do not think you would be authorized to use the \$5,000,000 for that purpose under that language?

Captain HENDREN. If you could consider pilot training a defense article. There certainly is no argument. Mr. Chairman, as to the fact that the 2½ billion dollars represents an extreme lack of restriction in the Navy Department appropriation bill. The only thing I am interested in, and any officer is interested in, is making sure that we do not get ourselves maneuvered into a position where we cannot continue the pilot training under the language incorporated in the Navy Department Appropriation Act.

The CHAIRMAN. We have with us here Mr. Cox, of the lend-lease staff. Mr. Cox, what, in your opinion, would be the latitude allowed here in the use of this 2½ billion dollars for lend-lease? Could we,

under the language of the Appropriation Act, use \$5,000,000 for pilot training?

Mr. Cox. As I remember the Appropriation Act, you have a technical flaw in it, in that you limited it to transfer of defense articles, and the Lend-Lease Act itself authorized the transfer of defense articles, information, or services.

The CHAIRMAN. You do not think that would admit an item of that sort?

Mr. Cox. The clear intent of Congress was to parallel the transfer clause in the Navy appropriation with Lend-Lease Act. They would have to march together, and if I were interpreting it I would say that the Navy had the legal power to transfer information as well as services and articles. But you do have that technical question which you have to get over, because your Appropriation Act says that the $2\frac{1}{2}$ billion is for defense articles.

The CHAIRMAN. As Captain Hendren has stated, this is a very liberal allocation in the Navy Department Appropriation Act of $2\frac{1}{2}$ billion dollars, and this is a comparatively small item here.

PREVIOUS ALLOCATIONS FOR TRAINING

Let me ask you, then, Captain Hendren, how much has been previously allocated for this purpose?

Captain HENDREN. Commander Walker has the figure. I think it is \$10,000,000.

Commander WALKER. The Navy had allocated under lease-lend \$1,000,000 from the first Lease-Lend Appropriation Act and \$10,000,000 from the Second Appropriation Act. So we have had \$11,000,000 between the two acts so far. Now, that was to go through June 30, 1942.

I have here an itemized statement as to the amount that has actually been expended on this program through December 31, 1941. That amounts to \$992,378. In the next 6 months of 1942, at the rate we are going now, we will expend \$9,843,000 additional.

The CHAIRMAN. As of what date?

Commander WALKER. As of June 30, 1942.

NUMBER OF PILOTS

Mr. TABER. How much a month are you spending now?

Commander WALKER. The pilot-training course is taking in a hundred British pilots per month, and the course lasts for 7 months. The maximum number of pilots reached, therefore, will be 645 students at Pensacola. At that time the hundred will come in, but also a hundred, having completed the course, will be going out. So it will stay constant at 645. This maximum should be reached in March of this year.

There are actually now 486 student pilots in Pensacola.

In addition there are British pilots that are being trained at the Naval Reserve base at Detroit. That is Grosse Isle. There are 125 students each month. It is planned to increase this number to 375 students per month, and that increase will be effected about May of this year. It is gradually getting up to that maximum, where it will stay constant.

Observers are being trained also at Pensacola. That is a 3-month course. There are now 150 observers at Pensacola, and it is planned to keep that number constant.

It is, furthermore, planned to transfer observers to the fleet at a later time for catapult training and for limited training aboard aircraft carriers.

In addition there are radio gunners that are being trained. This is a 6-month course—4 months at Jacksonville and 2 months at Pensacola. There are now 180 radio-gunner students taking the course at both stations, and it is planned to keep that number constant during the rest of the year.

RATE OF EXPENDITURE

The CHAIRMAN. How much of the \$11,000,000 have you at the present time?

Commander WALKER. I have a statement here showing that at the rate we are going now we will have expended all but about \$400,000, which I have in reserve, by June 30, 1942.

The CHAIRMAN. What period is this \$5,000,000 intended to cover?

Commander WALKER. This \$5,000,000 that we are asking for now is planned to cover the 6 months from July 1, 1942, to December 31, 1942.

The CHAIRMAN. Then, at the rate you are spending, you think it will be ample to serve the purpose?

Commander WALKER. At the rate we are going now it will leave us about \$400,000 for reserve.

The CHAIRMAN. Where is this training being given?

Commander WALKER. It is being given at Pensacola, Miami, Jacksonville, and the Naval Reserve Air Base at Detroit.

The CHAIRMAN. No training outside of the United States?

Commander WALKER. No, sir.

Mr. LUDLOW. Are all of the students that are being trained of foreign nationality? Are they all British?

Commander WALKER. Yes, sir.

Mr. LUDLOW. No other foreign nationality?

Commander WALKER. There are some Canadians that are being trained at other stations, but they are not included in this fund.

Mr. LUDLOW. Have you applications from other countries that are associated with the United States?

Commander WALKER. There are applications from some of the South American countries that have not been crystallized into programs yet.

Mr. LUDLOW. Would it be a part of the ultimate program to include them in the training facilities?

Commander WALKER. It may be at a later date.

(Discussion off the record.)

LENGTH OF COURSE

The CHAIRMAN. Commander Walker, what is the length of this course?

Commander WALKER. The course is 7 months for the pilots, 3 months for the observers, and 6 months for the radio gunners.

COST PER CAPITA

The CHAIRMAN. What is the cost per capita in each one of those courses from the time the man enters until he graduates?

Commander WALKER. The course is charged at unit rates. That was the way the money was allocated, and it was to be charged at unit rates. So we charge \$27.80 for each flight hour of pilots, which is our experience as to what it costs to maintainance a plane after the plane has been originally delivered. That does not include any cost to start with, but does cover all costs afterward of that plane—maintenance and servicing.

In addition to that we charge for the observers a rate of \$630 per month. It was found that that was the best unit we could get—a monthly unit for the observers.

In addition to that, we charge \$3.60 per month for the cost of ammunition for the radio gunners. That is the unit rate. We charge \$480 per student per month for the radio gunners for their training expenses.

Then there is a charge for the immunization and dispensary care, which includes the inoculation and regular care that is given to all the students, of \$1.90 per month per student.

Then, when the observers go to the fleet, it is contemplated to charge \$74 per plane per flight hour for the observers provided the plane is used exclusively for training and not conducting an observation patrol. If it is an observation patrol, there will be no charge, because no additional expense would be involved to the Government.

The CHAIRMAN. Now, that aggregates how much per man, Commander, for your pilots and observers?

Commander WALKER. We have not figured it out that way, sir, because we were told to make a unit rate.

The CHAIRMAN. Would it be possible to supplement your testimony with that information?

Commander WALKER. Yes, sir.

(The statement requested is as follows:)

The cost of training one British pilot (7-month course) averages \$6,398.58.

The cost of training one British radio gunner (6-month course) averages \$1,225.00.

The cost of training one British observer (3-month course) averages \$1,949.70.

USE OF LEND-LEASE FUNDS IN 1943 NAVAL APPROPRIATION ACT

The CHAIRMAN. Now, in view of the fact that there seems to be some question as to whether or not this 2½ billion previously provided in the 1942 bill for lease-lend could be used for this purpose, if it should be specifically made available, you would be in a position to take this \$5,000,000 out of this fund of 2½ billion?

Commander WALKER. I would like to say this on that point: The lend-lease part of the Navy supplemental bill called for specific planes which were itemized in the justification, and engines and propellers. We had this \$5,000,000 originally in our justification, but it was removed because this comes under category 9 of lend-lease, which is "Services and expenses," the same category under which the \$11,000,000 previously had been appropriated and allocated to us. So all the money that was earmarked in that supplemental Navy appropriation

bill for lend-lease was especially earmarked for planes—patrol planes, fighters, and itemized specifically all the way down, and it was not contemplated that any of it should be used for this.

The CHAIRMAN. I am reminded that when the estimates came up here the original estimate for this purpose was increased by Congress. If technicalities were cleared up, then you would be in a position to absorb this \$5,000,000 out of the 2½ billion, would you not?

Captain HENDREN. I do not think there is any question about that, Mr. Chairman, if the legal way is clear for us to include it in the 2½ billion—if the legal hurdles are removed.

The CHAIRMAN. You could absorb this item?

Captain HENDREN. We are in no position to defend this item as such.

Mr. Cox. I would suggest, if the committee can do that, you would remove any doubt about it by saying that the term "defense article" is intended to include "defense articles, information, and services under the Lend-Lease Act."

(Discussion off the record.)

The CHAIRMAN. I think it is clear that when this question of authorization is settled there will be no difficulty in absorbing this amount in the 2½ billion.

Mr. SNYDER. Captain, all your training of pilots here is lend-lease training; it does not pertain to your own training for your own use?

Captain HENDREN. No; it is entirely for lend-lease training.

Mr. SNYDER. There is nothing pertaining to C. A. B. that would be involved in this?

Captain HENDREN. No, sir.

Mr. RABAUT. Do you have anything to do with civilian pilot training?

Captain HENDREN. No, sir.

Mr. RABAUT. You do not take any of their people at all?

Captain HENDREN. No, sir.

Mr. JOHNSON of West Virginia. There is just one thing that I do not quite understand. Why have you gone down to Florida to locate all your instruction courses? Do you expect these flyers to have ideal conditions in which to fly in time of war?

Captain HENDREN. No, sir; but it is a question of getting in the most flying hours during the period that they are under instruction. When you get farther north you get into fog and rain and bad weather. Of course, after the advanced training is completed at the stations in Florida, an attempt is made to rotate the finished flyer into all sorts of weather conditions that can be encountered by giving him flying experience in Alaska, up around Iceland, and every place else.

Mr. JOHNSON of West Virginia. Have you got these graduate schools, or are you starting them, in the warm, delightful climate of Florida, and do you finally take them north, where it gets a little colder and a little colder?

Captain HENDREN. Well, it would not be quite as subject to orderly planning as that, sir. After they become available for use in the fleet, they have to be used wherever the campaign takes them.

Mr. JOHNSON of West Virginia. That is what I have in my mind. Why don't you have some of these schools in that section where they have these climatic conditions? These boys that fly in the air do not choose nice places to fly in, or delightful weather.

Captain HENDREN. Well, they soon get plenty of bad weather, sir.

Mr. JOHNSON of West Virginia. I just wondered why you were so set on Florida. And some of the Army people have been up here with the same sort of proposition.

Captain HENDREN. I am not an aviator myself, but I have been connected with aviation units up here. I would like to have Commander Walker, who is a naval aviator, supplement what I have said.

Commander WALKER. I think the answer is we want the student to have as many hours and flying training in the shortest space of time possible.

Mr. JOHNSON of West Virginia. What does the shortest space of time amount to, if he is out of his element when he gets into action?

Commander WALKER. If he has had 25 hours of flying, he can then fly anywhere, and he can get his 25 hours of flying quicker in Florida.

Mr. JOHNSON of West Virginia. Do you want that to stand on the record, that if they have so many hours of training in a delightful climate they are qualified then, as a matter of fact, for flying in any atmosphere or under any climatic conditions?

Commander WALKER. We believe they will be.

Mr. JOHNSON of West Virginia. Do you want us to understand that?

Commander WALKER. The point I am trying to make is he can get 25 hours quicker in Florida.

Mr. JOHNSON of West Virginia. I am not talking about the 25 hours, I am talking about rendering service by having taken his training down in Florida.

Commander WALKER. He is not fit for service until he has had so many hours of flying, and he can get those hours quicker where the climate is fair than he can in Canada or Iceland, where it is bad in the winter. The Canadians are asking if we can take a great many of their pilot students down in Texas, because they find it very difficult to train their pilots in the winter in Canada.

TRAINING EQUIPMENT

Mr. RABAUT. Commander, have you the equipment for training these people?

Commander WALKER. We have that included in here.

Mr. RABAUT. I mean have you the equipment now?

Commander WALKER. Yes, sir; we have the equipment now.

Mr. RABAUT. The planes?

Commander WALKER. Yes, sir. The British have supplied some of their own planes for this training.

Mr. RABAUT. The reason I ask that question is this, that in the C. P. T. they have not the planes for your advance courses, but they have for the primary and secondary courses—I cannot give you the technical names of the courses, but for the primary and secondary courses, they have sufficient planes to take care of a cost of about \$90,000,000.

Commander WALKER. That is in Canada?

Mr. RABAUT. No; that is here in this country—the civilian pilot training. Now, the Navy has always been ready to recognize that training and always has recognized it, more so than the Army. The Army has now gone to a better understanding, and this year will use

a great deal; in fact, this present fiscal year they used them as copilots for transporting the planes to their destination, whereas they would not recognize them earlier this year at all; they could not see anything to it. But that is the cheapest way to train pilots and a way to have people almost at their homes take the training. I recognize the benefit of the military atmosphere and whatever you want to call it that you put these people under, but we have to begin to think something about the cost, and, for that reason, I mention this.

Commander WALKER. I believe that the civilian training schools are full of the British students that are being trained, in addition to these, sir.

Mr. RABAUT. No; they are not full. They had \$20,000,000 this year and are able to take on \$90,000,000 of work with the present equipment; they would not need any new equipment to take it on.

Mr. LUDLOW. What kind of an arrangement have you with the British? Is there any charge to the British for this pilot training?

Commander WALKER. Simply this: They are debited with this amount under the general lend-lease.

Mr. LUDLOW. They are debited with the amount under the general lend-lease provision?

Commander WALKER. Yes, sir.

Mr. LUDLOW. Presumably we may be recompensed for it; presumably we may not be.

Commander WALKER. It stands in the same category with all of the rest of it.

USE OF LEND-LEASE FUNDS IN 1943 NAVAL APPROPRIATION ACT

The CHAIRMAN. Let me ask you, Mr. Cox: In view of the fact there seems to be some question as to the significance of the term "defense articles" as used in the 1943 naval appropriation bill, and in view of the fact that the same term is used in previous bills applying to the War Department, do you think it would be advisable for us to include some provision which would clarify and define this term, as to whether it was limited exclusively to articles or whether it also embraced services and information?

Mr. Cox. I do, for the simple reason that in terms of the Comptroller General you might get an adverse decision, and although, personally, I do not think the legal limitation is there, in order to remove any doubt and in order that the disbursing officers cannot be charged or the voucher not countersigned, I think the clarification might be made.

Mr. TABER. That doubt relates, does it not, to the specific authority in the original act to perform services for any other country; is not that right?

Mr. Cox. No.

The CHAIRMAN. No; it relates to the specific term "defense articles," as to what are included in defense articles as used in some of the appropriations for War and Navy Departments.

Mr. Cox. There are two parts. One section definitely defines "articles"; then another section gives authority to do certain affirmative things, part of which include services. And in the appropriations that have previously gone through this committee we find, for example, as the act says, "For procurement, and so forth, including services

and expenses in connection therewith" and, in category D, we find, "necessary services and expenses for carrying out the purposes of said act."

Mr. TABER. Still that is the same thing I suggested to you.

Mr. COX. Let me give you the clearest case—the repair of a battleship is, in the main, a service.

Mr. TABER. But that is covered specifically.

Mr. COX. That is right.

Mr. TABER. But here you are simply training.

Mr. COX. That is not specifically covered.

Mr. TABER. That is not specifically covered.

Mr. COX. But it is covered by the opinion of the Attorney General, in construing the act together with the first appropriation act.

The CHAIRMAN. Then suppose you submit to us, Mr. Cox, a tentative draft that would clarify this term so that there would be no question about it, and would involve no difficulty down at the General Accounting Office.

Mr. COX. I would be glad to do that.

The CHAIRMAN. If there are no further questions, thank you, Captain Hendren.

FRIDAY, FEBRUARY 13, 1942.

CATEGORY 4—VESSELS AND OTHER WATER CRAFT—MARITIME COMMISSION

The CHAIRMAN. We will now turn to category 4, pages 5 and 6 of the justifications.

Admiral LAND, we have a further estimate here—category 4 of \$734,420,000, for the Maritime Commission.

Will you give us a statement on this item?

Admiral LAND. I can break this down to certain parts totaling \$719,420,000, for which the Maritime Commission is responsible in the estimate which you have for lend-lease.

The first item under category 4, "Vessels and other water craft, including the hire, use, and so forth," is for the purchase and construction of small craft, such as tugs, barges, lighters, heavy lift launches, including \$3,000,000 originally for the Navy transferred to the Commission for the purchase of yachts, patrol boats, and so forth, all for the United Kingdom, \$23,000,000. The second item is charter hire, equipage, and operation of dry cargo ships and tankers in the North Atlantic, which covers transportation at time charter rates, including war-risk insurance, fuel, stevedoring, and miscellaneous dollar disbursements, and this is estimated on a voyage basis covering a certain number of sailings per month for May to December, inclusive, \$44,100,000, and then for "other hire on dead-weight tonnage basis," which is the charter hire of Norwegian vessels in United Kingdom service, an estimate of \$8,800,000, making a total of \$52,900,000.

Category 4 continues with the aid in the Red Sea, Persian Gulf, India and Burma, and Singapore services. This covers time charters, outward sailings only, at so much per sailing; return voyage at so much per return trip.

The CHAIRMAN. That aggregates \$218,000,000?

Admiral LAND. Yes, sir.

The CHAIRMAN. The next item is "Transportation of cargoes and personnel."

Admiral LAND. I would like to say, also, in answer to that, if we do not make the sailings we do not make the expenditure.

The CHAIRMAN. It is a matter over which you have no control?

Admiral LAND. No; but the cost is incurred only if the sailing is made.

The CHAIRMAN. At least, it is a matter which cannot be predicted at this time?

Admiral LAND. That is right.

The next is transportation of cargoes and personnel, United States vessels, to British Dominions, India, colonies, and mandated territories to include Free French, Egypt, and Turkey, \$44,000,000. In explanation of that, I might say we call that more or less retail business in United States ships when British ships are not available. In order to carry completely full cargoes whenever possible, all possible cargo is stowed in for both outward and inward sailings to make the operations as efficient as we can.

The CHAIRMAN. The next one is, "Transportation at time charter rates, including war-risk insurance."

Admiral LAND. The first one there is Russia, including North Russia, the Persian Gulf, and Red Sea ports.

The CHAIRMAN. That aggregates \$196,000,000?

Admiral LAND. That aggregates \$196,000,000.

The next item, "China," is \$21,280,000.

Mr. LUDLOW. You set forth here a schedule of a certain number of sailings in different categories: Is that based on 100-percent performance?

Admiral LAND. Well, it is based on the best estimate of the situation we can make—but necessarily 100-percent performance, because we do not operate with 100-percent efficiency.

Mr. LUDLOW. I understand, but what percent of performance do you estimate, or can you estimate?

Admiral LAND. Well, I suppose an estimate somewhere, in tonnage, of a percentage of 75 to 90 percent would be the best we can do, because conditions change so rapidly.

Mr. LUDLOW. That being the case, these different estimates can stand a reduction; can they not?

Admiral LAND. They cannot, if it is carried out. The answer to that, Mr. Ludlow, is that if we do not make the sailings, we do not make the expenditure; so it is as broad as it is long.

Mr. LUDLOW. There may not be any reason for doing it, but if you do not anticipate more than 75 percent record of performance, then you do not need all of this money?

Admiral LAND. No; but the point is we would need it should we be able to operate more efficiently, and to make provision for additional ships as a result of new construction, and, should the sinkings decrease, we will make more sailings. But if we do not make the sailings we do not spend the money; therefore there is no loss to the Treasury.

The CHAIRMAN. How much of the pay you get for these voyages inures to the Commission and how much to the private owners?

Admiral LAND. That is established on a time-charter basis, and all ships on a lend-lease voyage are on a time-charter basis at published rates. The only exception to that is the Maritime Commission's ships, which are on an agency agreement basis of 1-cent-a-bale cubic, which is merely to pay them for their overhead. Of course, most of the ships are time chartered, and most of them do not belong to the Commission. The rates are published and the schedules are fixed and they are followed through by all concerned.

Mr. LUDLOW. Are the most of these ships foreign-owned ships?

Admiral LAND. No; the most of them are our own. There are three categories. The most of them are privately owned by American operators, which are voluntarily turned over to us and then time chartered. There are a few we own ourselves, which are also time chartered to American operators. Then there is the category of foreign-flag ships, which is done by mutual agreement, as with the Free Norwegians, for example.

Mr. LUDLOW. How is the charter price determined where the vessel is foreign-owned? What is the proceeding?

Admiral LAND. The charter price is determined by the best experience on the basis of accomodating ourselves to other international charters so as not to upset, for example, the British agreements. They have several categories, because some of the occupied countires have their No. 1 headquarters, or capitals, or governments, in London, as you know, and the rates that are established by the British are first considered and then the rates that the British give to the Norwegians, for example, or to the Dutch, or Belgians. Then we try to determine the most reasonable rate without upsetting any international agreements. And the greatest difficulty comes with the free ships. There are some Free Norwegian ships, for example, and we have to give due consideration, of course, to their wage schedules which vary from ours. But it is done on as nearly an accurate basis as possible, primarily on the dead-weight carrying capacity of the ship, then the age, then the speed, then the type, whether it is a cargo or combination ship, and the wages we have to pay.

The CHAIRMAN. The next category is \$45,840,000 for tanker assistance to the British Empire.

Admiral LAND. This is for assistance in the North Atlantic, the Orient, and shuttle-service tankers provided by the Maritime Commission at full hire plus war-risk insurance, fuel, and miscellaneous— at so much per tanker per month. In the break-down of that last item there is storage of oil in the United States, which is to protect the services in the Far East and the United Kingdom by getting such storage as we possibly can here in the United States. The total of \$45,840,000 covers all such tanker assistance.

The CHAIRMAN. Then the next item is \$37,400,000 for tanker requirements.

Admiral LAND. Those are tanker requirements resulting from the destruction of refineries. This figures so much per month per tanker running to December 31, 1942, or a total of \$37,400,000.

The next item is "Port expenses, stores, provisions, fuel, and so forth, for British vessels and tankers."

The CHAIRMAN. That is \$77,000,000

Admiral LAND. Yes, sir. That also includes an item for the Russians, the second item.

The CHAIRMAN. The item for the Soviet vessels is \$4,000,000?

Admiral LAND. That is correct. The rest of it is British.

Mr. TABER. I have two or three questions I would like to ask on these items. You have over here on page 5, Admiral, \$100,000 difference in the out-bound and in-bound: Why?

Admiral LAND. Because we know the out-bound, where it is to go and what it is going to cost, but we do not know where the return is going, because it depends not only on the war conditions but also the strategic requirements.

Mr. TABER. The time charter for the return trip is not a set figure, but is a variable figure, depending on the job that the ship has to do?

Admiral LAND. That is correct. Again, I would state, if we do not make the extra voyage or the extra expense, we would not spend the money for the ship.

Mr. TABER. That is, your charter ends for delivery at the Red Sea?

Admiral LAND. No; the charter is for the round voyage, but we only pay for the time involved and the distance—particularly for the time; and if it is a short voyage we pay accordingly. If it is one end of a broken-leg voyage, of course it is more expensive.

CATEGORY 8—TESTING, RECONDITIONING, AND SO FORTH, OF SHIPS AND OTHER
DEFENSE ARTICLES—MARITIME COMMISSION

The CHAIRMAN. Now we will turn to page 18, category 8, "Testing, reconditioning, and so forth, of ships and other defense articles."

There are two items there, one "Repairs, conversions and protection of ships," \$116,000,000, and the other "Purchase of machinery and equipment for repairs to ships," \$32,000,000. Tell us something about those two items, Admiral.

Admiral LAND. No. 1 is for repairs and reconditioning, which is really a major repair job—such things as preparing a ship for combat loading or convoy loading. That primarily covers installations of essential national defense items, arming, degaussing, the protection of the bridge, and things of that general character, or it might be the installation of some additional fittings, or a gasoline-driven engine, or some sort of a crane in order to make it more efficient in the territory to which it is going. That is \$116,000,000.

The second item is the actual material involved. The distinction between the first and the second item is that the one is installation, while the purchase of machinery and equipment is the actual price of what we install, and that is \$32,000,000—or a total for both of \$148,000,000.

Mr. LUDLOW. Is that based on a certain number of cases, or just a blanket amount?

Admiral LAND. For example, we know pretty definitely about the Russian vessels. There is a little blanket on the British, because we do not know just how many ships they may have or may not have; but we have about a year's experience and we know pretty well about what the repair facilities are in this country and they have been in-

creasing very rapidly, so that there is a tremendous overload in our repair yards.

Mr. TABER. I would like to have you give us the information that I have asked heretofore with reference in general to these two items. How much money did you have available to you in the first two appropriation bills, either as they stood or by transfers, for category 4?

TOTAL LEND-LEASE ALLOCATIONS TO MARITIME COMMISSION

Admiral LAND. I would like to give you the over-all picture of that, if I may. The lend-lease figure for the Maritime Commission, in round numbers, is \$1,105,000,000.

Mr. TABER. Does that include category 4, or is that broken down—

Admiral LAND. That is gross.

Mr. TABER. That is gross?

Admiral LAND. Yes, sir; and I have a break-down of that which it seems to me you would like, and certainly the Maritime Commission would like to have in the record. The gross is \$1,105,000,000; ship construction and purchases, \$545,000,000; facilities, \$55,000,000; charter hire, \$160,000,000—and this goes to United States flag operators; repairs and services and supplies, which cover the British, Chinese, and Russians, \$100,000,000; purchase of machinery and equipment, \$20,000,000—or a total of \$880,000,000 as of February 8, 1942, of which actual cash has been paid out, \$200,342,074.21, with accounts payable for services completed of about \$220,000,000 more, a total of \$420,000,000. This leaves a balance of \$225,000,000 for obligations for February, March, and April of this year.

Mr. TABER. Do you figure those items in categories 4 and 8 from the 1st of May to the end of the calendar year?

Admiral LAND. No. We figure these other first lend-lease funds given to us by the lend-lease authority up to February 8 of this year.

Mr. TABER. But the new items, the items in the bill we are now considering, you have figured to be effective from—

Admiral LAND. The 1st of May.

Mr. TABER. From the 1st of May to the end of the calendar year?

Admiral LAND. Yes, sir.

Mr. TABER. That is, you have laid it out as to what you presently conceive to be the demands of the situation?

Admiral LAND. That is correct.

Mr. TABER. From May to the end of the calendar year?

Admiral LAND. That is right.

(After discussion off the record.)

USE OF UNEXPENDED BALANCES

Mr. O'NEAL. In expending vast sums such as we have here, of course your plans probably will change and prices will be different. Do you anticipate any balances at any time, Admiral Land; and if so, what do you plan to do with the balances?

Admiral LAND. I believe, under the law, anything saved or anything returned goes back into the lend-lease fund, in some specific cases, and anything lost comes out of the lend-lease fund. Mr. Kirsch can answer that better than I can.

Mr. KIRSCH. There is presently going back into the lend-lease appropriation the recoveries we have been making as a result of some British cargoes that have been carried on some of the lend-lease ships. That goes right back into the lend-lease funds.

Mr. O'NEAL. Where does that unexpended balance which is reappropriated come before us? You carry it here as an unexpended balance, then you estimate how you will expend that and bring it before Congress in that way?

Mr. KIRSCH. No, sir. That has gone back into the lend-lease funds and is not included in our funds for reexpenditure.

Mr. O'NEAL. Then you mean the lend-lease funds are building up so far as the amounts of these unexpended balances are concerned, which are reappropriated?

Mr. KIRSCH. That is right.

Mr. O'NEAL. Have you any idea what that amount may be at the present time?

Mr. KIRSCH. Well, we have secured and will secure in the next few months possibly some two or three million dollars that we are putting back, for revenues we have obtained for commercial cargoes.

Mr. O'NEAL. Out of that \$1,105,000,000 you will probably run so close that to close the gap it will be about a couple of million; that is about all?

Mr. KIRSCH. That is correct.

Admiral LAND. It will not be very much.

Mr. KIRSCH. The earlier voyages under the lend-lease program carried more commercial cargoes.

Mr. O'NEAL. But if you have some amounts in there for other things you want to buy, you can go ahead and buy those, and you do that?

Mr. KIRSCH. With the Lend-Lease Administrator's approval.

Mr. O'NEAL. And even though that amount was never actually asked for in any appropriation, if you still have a balance, before the time elapses you can use that amount for other things not heretofore asked for?

Admiral LAND. Provided it is approved by the lend-lease authorities and approved by us.

Mr. O'NEAL. I mean it has never been brought before us?

Admiral LAND. No, sir.

(After discussion off the record.)

Mr. LUDLOW. Is not a merchant ship as an armed vessel automatically taken out of your jurisdiction and put under the Navy?

Admiral LAND. No, sir.

Mr. LUDLOW. It is not?

Admiral LAND. No, sir.

Mr. LUDLOW. You operate armed ships?

Admiral LAND. Yes, sir.

Mr. WIGGLESWORTH. Admiral, if I understand it, to get the whole picture as far as the Maritime Commission is concerned under lend-lease, we add to the \$1,105,000,000 you have had heretofore the item we are now considering, plus such portion of the item as may be used for lend-lease purposes that we considered yesterday?

Admiral LAND. Yes, sir. That is \$867,420,000.

Mr. WIGGLESWORTH. There is no comparable item to that item which we considered yesterday?

Admiral LAND. No, sir; no connection whatsoever.

Mr. RABAUT. I do not know who will answer this question—maybe Mr. Stettinius—but you know I am inclined to agree with Mr. O'Neal from Kentucky that all of these amounts that are brought here are brought here on an estimate, and anybody who knows the actions of this committee in particular, and of the Congress, and especially of the Appropriations Committee, knows we check ordinary estimates to a very marked degree when they come up here.

Now, in the prosecution of the war we are taking, so to speak, the estimates of experts on all these things, and, for that particular reason, pretty nearly everything that has been done here has been in full cooperation with the requests made. But it does seem to me that when these requests are simply estimates on the part of the Department such amounts as are not spent of these estimates ought to return to the Treasury of the United States and not be made additional estimates for which the Congress is given no information at all. That seems to me like only common sense and good business.

Mr. RUDLOW. But that is the law in your case, is it not?

Mr. RABAUT. No; it is not the law. They keep putting this back into the revolving fund and it goes some place and Congress knows nothing about it. They might get this money for one purpose and use it for a different purpose entirely, and knowing the attitude of the committee at the present time, they may come up here and ask us for money for some subject they probably would not use it for, and use it entirely for something else under the conditions that are set out. I do not think it is fair to the Congress, and it ought to be changed. I am not saying this because of any suspicion on the part of the committee, but how is the Congress going to know; and we are accountable, after all, to somebody on these things.

Mr. STETTINIUS. Surely.

Mr. RABAUT. And we are the group that has to walk before the public and explain.

Mr. STETTINIUS. Of course, up to this time appropriations have been made by categories. In the event Admiral Land or his gentlemen have an unexpended balance in some given category, they ask for our approval to spend that money. Now, we give that approval and we will be delighted to come back and report to this committee at any time the final accounting; but our 90-day report tells, I think, a rather complete story. And the amounts of money are not much; they are relatively small, and we can operate within the category system as you have seen from the break-down.

Mr. RABAUT. Does it hold to the specific item within the category?

Mr. STETTINIUS. Yes; it holds, for example, in the case of Admiral Land—

Mr. RABAUT. I know in his case it holds to the specific item, but take the rest of these items: Does it hold in the case of the rest of these items?

Mr. STETTINIUS. Surely. You have placed a definite limitation on us by categories and we cannot, under the existing appropriations, spend more out of a certain category than an additional 30 percent of that category.

Mr. O'NEAL. The point I had in mind was only part of it. For instance, if you estimate for 100 articles of a certain type, just to use this as an example, and you are able to buy them for 80 percent of what you estimate it will be, then you can buy 15 more articles of that same type and, in reality, we have appropriated for 115 when you only asked for 100.

It seems to me that at some time—in fact, frankly, I asked for an amendment on our appropriation bill, on two or three of them, to require the unexpended balances to go back into the Treasury and then if you had need for more than 100 articles you would ask for them and we would give you the money for them; but not to have loose money lying around that might be utilized for any purpose, even within a category, in an amount more than you submitted to us that you needed in the first place.

The CHAIRMAN. In other words, if Admiral Land estimated to make 20 trips within the appropriation and found he could make another trip, probably, he would have to come back to Congress for that!

Mr. Cox. That is the trouble you get in with every appropriation that comes up. In terms of modern warfare, if the Navy asked an appropriation for 10,000 planes and the Army for 20,000, and they can buy 100 more, they can only use the money for the particular category for which it is appropriated.

Mr. O'NEAL. But if you got 10,000 and saved \$50,000,000 out of that category, you could take that \$50,000,000 and, instead of getting 10,000, could add to the number you originally asked for, thereby getting more than you originally justified.

Mr. RABAUT. In other words, it resolves itself to this, that if they come up here and estimate, we will say, for \$1,000,000 and they need \$1,500,000, they come back for a deficit; but, if they only needed a quarter of a million and they have a million, why, we know nothing about it; they just go on and use it for that subject, or for something in that category. That is what it resolves itself to. Maybe I am off in the percentage in quoting that particular figure. Am I right on that, Mr. Taber?

The CHAIRMAN. Let me say right there: We are dealing with an emergency here, where there are unusual circumstances, circumstances that we never faced before, and it is impossible to predict, impossible to foresee, and we have to make provision for contingencies.

Mr. RABAUT. Mr. Chairman, I am not questioning the emergency; I am not questioning even the use of the money; but I do think a report should be made to this group of men who gave them this money.

The CHAIRMAN. The President, by law, is required to make a report to the Congress every 90 days, which we have before the committee.

Mr. RABAUT. Does it show where it goes?

The CHAIRMAN. Yes; surely. It shows in great detail.

Mr. TABER. Here is the way I understand the situation. We have made an appropriation, divided into certain categories, and within those limits the funds are available for other voyages, to Great Britain, India, or any other place, just as many voyages as the funds will provide.

We cannot tell a moment in advance how many of those voyages they might be able to make.

I do not understand that on a matter like this, these people should be limited to the number of sailings that they have told us about here in the justifications that they are figuring on.

Nor do I understand that when it comes to page 17 of the justifications that they can tell us a great deal about how much these storage and distribution facilities are going to cost.

Nor do I understand that they can tell us, in reference to the items on page 18, for repairs and conversion, how many ships they need to repair, nor how much machinery and equipment they have to have for that purpose. We have to provide funds and let them work to those funds. It is quite different from a peacetime appropriation.

Mr. RABAUT. I agree with that in connection with the ship business.

Mr. O'NEAL. I think that should be clearly understood. If they want to build 500 ships at a certain unit cost, and they build those ships and save, say, 20 percent, then that 20 percent would go back into the fund, so they can build other ships, as to which we would have no estimate or justification.

Mr. LUDLOW. Take the item on page 5 of the justification, where you have provided for a certain number of sailings, as to which you stated you expected to have three-fourths performance. That would reduce the number of sailings. There would be some sailings that you would not make. What would you do with the money covered by those sailings that you did not make?

Admiral LAND. We would not spend that.

Mr. LUDLOW. Would that go into a revolving fund, or would it go into the lend-lease fund?

Admiral LAND. It would go back to lend-lease.

Mr. LUDLOW. What would lend-lease do with that money?

Admiral LAND. They make a report to you.

Mr. LUDLOW. I would like to ask Mr. Stettinius what you would do with that.

Mr. STETTINIUS. We might reallocate it to Admiral Land for additional sailings.

We might reallocate it back into the same category for additional sailings.

Mr. LUDLOW. Or for any lend-lease purposes?

Mr. STETTINIUS. No; only within that category.

Mr. TABER. There is 20 percent interchangeability.

Admiral LAND. That is the whole point, there is that interchangeability.

Mr. STETTINIUS. We are prepared to report at any time on any item.

CATEGORY 3—COMMERCIAL VEHICLES AND PARTS—PROCUREMENT DIVISION

The CHAIRMAN. The next item is for the Procurement Division, category 3, on page 3 of the justifications.

On page 3, under category 3, we have two items, one for commercial vehicles, for which the amount is \$107,545,000, and the other for components, maintenance, and repair parts for commercial vehicles, for which the amount is \$21,470,000.

Will you let us have a statement about that?

Mr. MACK. That total is made up of requirements for the United Kingdom and for China.

The requirements for the United Kingdom amount to \$100,000,000 for commercial vehicles and \$20,000,000 for maintenance and repair parts for commercial vehicles.

These refer to commercial vehicles for the use of the Army, the Navy, and the Royal Air Force, together with the commercial types of vehicles for transport of goods and stores, the movement of which is essential to the war effort.

A large proportion of these vehicles are to be used by the Signal Corps in the near east and also for inland transportation of essential raw material.

In connection with aviation they will be used for ground-carrying instruments and the movement of ammunition, bombs, gasoline, and other aviation supplies to their field depots and other points.

The representatives of the British Purchasing Commission have given assurances that the distribution of these vehicles is even more stringent than in the United States. Only those activities essential to the war effort are allowed to use motor vehicles.

The CHAIRMAN. How many vehicles do you expect to purchase?

Mr. MACK. There will be a total of about ———.

The CHAIRMAN. Will they be new vehicles or replacements?

Mr. MACK. They are new, but to be used for replacements.

There are 1½-ton trucks, 2½-ton trucks, passenger carrying vehicles, 4-ton trucks, and 7- to 8-ton trucks.

The CHAIRMAN. What is the unit cost, per vehicle?

Mr. MACK. For the 1½-ton trucks it is \$1,250, estimated. The unit cost of the 2½-ton trucks is estimated at \$2,000.

Then as to the passenger-carrying vehicles, we have estimated those at \$900, but I am afraid the cost of those will run a little more than that.

The unit cost of the 4-ton trucks is estimated at \$2,500. The unit cost of the 7- and 8-ton trucks is estimated at \$6,250.

Mr. LUDLOW. What kind of passenger-carrying cars do you get for \$950?

Mr. MACK. Today you get the lightest type, Chevrolets, Fords, and Plymouths.

Mr. LUDLOW. In our appropriation bills we carry a limitation for passenger-carrying vehicles of \$750. Why is it necessary for you to pay more?

Mr. MACK. As a matter of fact, we are now preparing to request the Bureau of the Budget to allow an increase in the maximum cost, because the manufacture of passenger cars has been stopped.

The CHAIRMAN. Have you priority rights on these machines so that you can secure them?

Mr. MACK. The passenger-carrying vehicles will be in a pool, and all of them will be subject to allocation.

The CHAIRMAN. You expect to have no difficulty in securing them?

Mr. MACK. That has been cleared by the War Production Board. They determine the availability and they establish allocations of critical materials and allocate those things that are tight.

The CHAIRMAN. Will you tell us about the item of \$21,470,000 for components, maintenance, and repair parts for commercial vehicles?

Mr. MACK. That is for spare parts and repair service.

The CHAIRMAN. What is your policy as to spare parts?

Mr. MACK. Our policy is that it is important to have adequate supplies for spare parts for military purposes.

The CHAIRMAN. In what quantity do you find it advisable to keep spare parts?

Mr. MACK. We are figuring here replacements that will run about one-fifth. That is for the units in—

Mr. TABER. How much have you had allotted to you already for this particular set-up on this item?

Mr. MACK. Up to this time we have allocated for miscellaneous auto parts and accessories, that is, direct allocations, \$616,000. That is for purchases made thus far.

Mr. WIGGLESWORTH. That does not include vehicles?

Mr. MACK. No; that is just for parts.

The purchases up to this time for these types of equipment have been made by the War Department. I think the amount of money we have had heretofore has been very light.

Mr. TABER. You have not had a large fund for this?

Mr. MACK. No, sir.

Mr. TABER. You have not got any operations of this kind pending, to amount to anything?

Mr. MACK. No, we have not. We bought some trucks for the Chinese.

Mr. TABER. But not very many?

Mr. MACK. Not very many; no, sir.

Mr. LUDLOW. Can you ship them when you get them? Can you get them to the other side of the ocean?

Mr. MACK. I think General Spalding can give you an answer on that.

General SPALDING. You have to bread them down and assemble them on the other side, with the present number of ships.

Mr. RABAUT. You mean break them down more than they are broken down by the factories?

General SPALDING. Yes, take them apart more.

Mr. RABAUT. And practically assemble them over there?

General SPALDING. That is right.

Mr. STETTINIUS. That is a partial assembly only.

Mr. JOHNSON of West Virginia. Who makes the requests to you?

Mr. MACK. A requisition is made by the participating country.

DETERMINATION OF NECESSITY FOR LEND-LEASE ARTICLES

Mr. JOHNSON of West Virginia. How do you check that as to the needs and necessity for these vehicles?

Mr. MACK. The eligibility for these supplies, that is whether or not they shall be given the supplies requisitioned, is determined by the lend-lease organization.

Mr. JOHNSON of West Virginia. Do you check on that later? You have an item for a certain number of cars. How do you find out whether they are needed?

Mr. MACK. My understanding is that the lend-lease organization requires the representatives of the country making the requisition, the British Government, for example, to give them sufficient justification for the requisition, and then they pass the requisition along to us if approved.

Mr. JOHNSON of West Virginia. Mr. Stettinius, will you give us your idea about that?

Mr. STETTINIUS. I think a good example of that is in connection with transportation difficulties on the Burma Road.

We have General Magruder out there as our representative, and we have sent special truck-transportation people out there who made surveys many months ago. Mr. Arnstein was the head of that group, and he came back with specific reports of what the truck needs were by China for transportation on the Burma Road, and when we allocated funds, that allocation was based upon the expert advice of those who went to China and made the investigation.

Mr. JOHNSON of West Virginia. I think you have done a good job in China.

Mr. STETTINIUS. Let me refer to the Middle East, from the British standpoint. We have General Magruder, General Maxwell, and General Wheeler out there, heads of missions.

Mr. JOHNSON of West Virginia. Where?

Mr. STETTINIUS. At headquarters, one in Cairo and one in Iran. They report to us the transportation needs of the British Army there, and we determine our allocation, and our authority, and pass that on to Mr. Mack, to purchase and transfer to the British, based upon that expert guidance.

Mr. JOHNSON of West Virginia. Will you tell us how many you are giving China?

Mr. MACK. The estimate for China is \$9,015,000.

Mr. JOHNSON of West Virginia. You are giving them about one-tenth; is that it?

Mr. MACK. It is less than 10 percent.

Mr. JOHNSON of West Virginia. You are giving China about one-tenth. How many are you giving the Russians?

Mr. MACK. Russia is not asking for any commercial vehicles.

Mr. JOHNSON of West Virginia. Do you mean to tell this committee that you have only given one-tenth of these trucks and automobiles to China and have given nine-tenths of them to the United Kingdom?

Mr. STETTINIUS. We have already given to China about \$18,000,000 worth.

The CHAIRMAN. The number is limited largely by the number you can get in there?

Mr. STETTINIUS. Surely. There is only one road, and any trucks we deliver to the interior of China have to go over the Burma Road.

CATEGORY 6—FACILITIES AND EQUIPMENT—PROCUREMENT DIVISION

ELECTRICAL FURNACES

The CHAIRMAN. On page 8 of the justifications, under category 6, you have an item for electrical furnaces, for which the estimate is \$24,000,000.

Will you give us a statement about that?

Mr. MACK. That item is for Russia, for electrical furnaces. That is to be used for heat treatment of components of ordnance matériel. That is to supplement Soviet production and to replace matériel destroyed during the invasion.

PETROLEUM MACHINERY AND EQUIPMENT

The CHAIRMAN. You also have an item in category 6 for petroleum machinery and equipment, for which the estimate is \$36,000,000.

Will you tell us about that?

Mr. MACK. Of that amount, \$30,000,000 is for Russia and \$6,000,000 for China. The \$30,000,000 is for machinery and equipment required to replace material for general operations, and to supplement the petroleum industry in regions beyond the danger zone.

Mr. JOHNSON of West Virginia. How much are you asking for machinery and equipment for the United Kingdom?

Mr. MACK. We are asking for \$30,000,000 for Russia and \$6,000,000 for China. We are asking for none for the United Kingdom.

Mr. JOHNSON of West Virginia. Are they not shy of machinery?

Mr. MACK. This is for petroleum machinery and equipment.

Mr. JOHNSON of West Virginia. They do not need that in the United Kingdom?

Mr. MACK. There is no request for petroleum machinery.

Mr. JOHNSON of West Virginia. Then the Russians are undertaking to make their own equipment?

Mr. MACK. They will use this machinery to process petroleum.

Mr. JOHNSON of West Virginia. And the United Kingdom is not; is that what I am to understand?

Mr. MACK. That is correct.

Mr. TABER. This \$36,000,000 is for Russia and China.

Mr. JOHNSON of West Virginia. I understand that. I was wondering why England was not asking for some machinery and equipment.

Mr. MACK. There are other types of machinery that the United Kingdom is asking for.

BOILERS, POWER-PLANT EQUIPMENT, MINERAL PROCESSING PLANTS, AND MACHINE-SHOP INSTALLATIONS

The CHAIRMAN. There is also an item in category 6 on page 8 of the justifications for boilers, power-plant equipment, mineral processing plants, and machine-shop installations, for which the estimate is \$16,450,000.

Will you tell us about that?

Mr. MACK. That is also for replacement, \$4,000,000 for Russia, \$6,450,000 for China, and \$6,000,000 for the United Kingdom.

CATEGORY 7—INDUSTRIAL AND OTHER COMMODITIES—PROCUREMENT DIVISION

The CHAIRMAN. We have a long list of items under category 7, beginning on page 9 of the justifications, for agricultural, industrial, and other commodities, from page 12 to page 17 of the justifications, aggregating \$3,567,115,000, of which \$1,300,000,000 is for agricultural commodities and has been explained by the Secretary of Agriculture and the remaining \$2,267,115,000 is for industrial and other commodities to be procured by Mr. Mack.

IRON AND STEEL

The first item is for iron and steel, for carbon steel and alloy steel, amounting in total to \$513,765,000.

Mr. MACK. The \$513,765,000 is broken down in carbon-steel and alloy steel for the United Kingdom, China, and Russia. The carbon-steel requirements are \$430,725,000, and of that amount \$296,250,000 is for the United Kingdom, \$18,206,400 for China, and \$116,268,600 for Russia.

On alloy steel the total requirements are \$83,040,000, of which \$80,400,000 is for the United Kingdom, \$444,000 for China, and \$2,196,000 for Russia.

NONFERROUS METALS

The CHAIRMAN. You propose to spend for nonferrous metals, \$113,088,480.

I suppose there is no significance in the grouping of five metals in a group; that is merely for convenience in reading?

Mr. MACK. That is right.

The CHAIRMAN. Will you give us a general statement about that?

Mr. MACK. As to the total of \$113,088,480—\$53,567,500 is for the United Kingdom, \$11,010,980 for China, and \$48,510,000 for Russia.

Mr. TABER. How much money have you had for this purpose, and how much have you spent and obligated for these two items you have just been telling us about?

Mr. MACK. On iron and steel, on the first item for carbon steel and alloy steel we have had direct allocations thus far of \$218,398,827.19.

Mr. TABER. How much of that have you obligated?

Mr. MACK. We have obligated \$149,271,223.56. This figure I have given you is from our finance department, and I think the figure from our operations department would run much larger than that as to obligations.

Mr. TABER. How much have you shipped?

Mr. WALSH. The total is about \$125,000,000.

Mr. TABER. Within what time do you expect to spend the 513 million, the way you are going now?

Mr. MACK. We will have that to spend, according to this schedule, by the end of this year, that is, by December 31, but the shipments will carry forward probably through the first half of next year.

Mr. TABER. In other words, you do not expect delivery of a lot of this until after 1943 rolls in?

Mr. MACK. It will be the middle of 1943, when the last of it will be shipped.

Mr. TABER. What is the status of the 113 millions of comparable funds? How much did you have allocated to you?

Mr. MACK. We have had allocated about 60 million dollars.

Mr. TABER. How much of the \$60,000,000 have you obligated?

Mr. MACK. We have obligated just about all of that. The difference is very slight.

Mr. TABER. How much have you shipped?

Mr. MACK. I think of the nonferrous metals that pretty nearly all has been shipped, because that is raw material which is allocated and usually is turned right over for shipment very shortly after allocation.

Mr. TABER. How much are you shipping now? Are you shipping any out there now? Are you being crowded for it?

Mr. MACK. We have been able to move the nonferrous metals without difficulty.

The CHAIRMAN. All these are raw materials. Are they intended for fabrication into war materials abroad? Are they going to be manufactured on the other side?

Mr. MACK. Yes, sir.

CHEMICAL PRODUCTS AND SUPPLIES

The CHAIRMAN. For chemical products and supplies, also in category 7, on pages 13 and 14 of the justifications, there is a total item of \$64,737,290.

Will you give us a general summary of this provision for chemicals?

Mr. MACK. That list is made up of numerous chemicals, chemical supplies, and products. The total amount is \$64,527,972 and it is broken down into \$50,351,972 for the United Kingdom, \$12,850,000 for Russia, and \$1,326,000 for China. Those are for various uses.

PURCHASE OF TIMBER

The CHAIRMAN. Under the heading "Timber" you are asking for \$19,463,000.

Mr. MACK. Yes, sir.

The CHAIRMAN. What is the character of this timber to be provided, and to what use will it be put?

Mr. MACK. There are various types of wood, such as pine, oak, ash, and airplane grades of spruce and fir.

The CHAIRMAN. You have a separate item of \$2,173,500 for Sitka spruce and fir.

Mr. MACK. They are principally for airplane manufacture.

Mr. LUDLOW. One of your largest items is for industrial alcohol, for which the amount is \$16,075,000.

I have read that the Government rum factory in the Virgin Islands will be converted into the manufacture of industrial alcohol. Do you know anything about that?

Mr. MACK. We have not had any word about that. We have just received the allocations of quantities of industrial alcohol, allocating certain quantities to the distilleries throughout this country. I have not seen anything as to the Virgin Islands.

PAPER AND PULP

The CHAIRMAN. There is an item of \$16,627,000 for paper and pulp. What can you tell us about that?

Mr. MACK. That is for use in paper making, for photographic paper for the R. A. F., and so forth. That is for the United Kingdom.

PURCHASE OF TEXTILES

The CHAIRMAN. You also have an item of \$40,684,000 for textiles.

What can you tell us about that?

Mr. MACK. That is broken down in this way: \$37,500,000 for Russia, and \$3,184,000 for China.

TRUCK TIRES, TUBES, AND OTHER RUBBER PRODUCTS

The CHAIRMAN. You have an item of \$148,571,365 for truck tires, tubes, and other rubber products.

What can you tell us about that?

Mr. MACK. That includes \$98,131,000 for the United Kingdom, \$15,440,365 for China, and \$35,000,000 for Russian requirements.

PETROLEUM PRODUCTS

The CHAIRMAN. You also have an item of \$430,992,000 for petroleum products.

What can you tell us about that?

Mr. MACK. I think the item for petroleum products is one that the Navy Department is going to testify on.

Mr. STETTINIUS. The Navy will act as the procurement agent.

The CHAIRMAN. We would like to know what disposition will be made of it.

Captain HERNDON. It is not shown here, according to the figures we have on page 15.

I can tell you what we have had.

Mr. STETTINIUS. We have a break-down here of that total. Of the total of \$430,992,000, \$376,000,000 is for the United Kingdom, \$33,000,000 for China, and \$18,000,000 for Russia. The details are on page 15 of your justification.

ABRASIVES, CARBON BLACK, AND OTHER MATERIALS

The CHAIRMAN. For abrasives, carbon black, and other materials, we have an estimate of \$13,939,900, under the heading "Agricultural, industrial, and other commodities."

Will you tell us about that?

Mr. MACK. Yes, sir.

Mr. TABER. May we have the break-down on page 15 in the record?

The CHAIRMAN. There may be objection to that being put in the record?

Mr. TABER. We should have a picture of what has happened before with previous allotments on each item.

The CHAIRMAN. After you look over the transcript, if there are no military complications involved, you may insert that in the record.

Mr. TABER. There is no secret about what has already happened?

Captain HERNDON. No.

AGRICULTURAL MACHINERY

The CHAIRMAN. You have an estimate of \$7,696,350 for agricultural machinery.

Tell us what you propose to do under that item.

Mr. MACK. Of that amount, \$7,450,000 is for the United Kingdom and \$246,350 for China.

The CHAIRMAN. Would the same character of machinery go to the recipients, or would it be a different character and type?

Mr. MACK. I think it is substantially the same for both.

Mr. TABER. How much of that agricultural machinery is there?

Mr. MACK. As to the number of items, of wheel tractors there would be 6,150, and 1,000 crawler tractors, with their replacement parts.

Mr. LUDLOW. The title to that agricultural machinery remains in the United States?

Mr. STETTINIUS. That is correct.

Mr. LUDLOW. What is the method of distribution to individuals when that machinery gets on the other side?

Mr. STETTINIUS. It depends on the country to which it goes.

Mr. LUDLOW. Take England, for instance.

Mr. STETTINIUS. They have their department of agriculture which would become responsible for distribution among the agricultural communities.

Mr. LUDLOW. You do not know how it is apportioned?

Mr. STETTINIUS. No.

The CHAIRMAN. It is delivered to the British Government?

Mr. STETTINIUS. Yes; and they distribute it, and the details relative to the payment is covered by the agreement between the two countries.

CONSTRUCTION MACHINERY, ETC.

The CHAIRMAN. We have nine unrelated items, for caterpillar tractors, engineering stores, railway material, cranes, compressors, and so forth, laboratory apparatus, power shovels, crushers, and special industrial equipment, and for paints, varnishes, enamels, lacquer powders, and so forth, totaling \$241,448,215.

AUSTRALIA, NEW ZEALAND, ETC.

Then we have an item for the estimated requirements for Australia, New Zealand, India, Union of South Africa, and British colonies, for which the estimated amount is \$554,900,000.

Mr. MACK. That is an estimate of general requirements.

The CHAIRMAN. Of what nature?

Mr. MACK. Of quite a broad nature.

Mr. STETTINIUS. It includes really all categories.

AID TO OTHER LEND-LEASE COUNTRIES

The CHAIRMAN. Then we have an item for the estimated requirements of lend-lease countries other than the British Empire, China, and U. S. S. R., for which the estimate is \$80,000,000.

What other countries are included there?

Mr. STETTINIUS. There are 36 lend-lease countries to which that would apply.

The CHAIRMAN. Some of it would go to South America?

Mr. STETTINIUS. Yes.

Mr. TABER. You are just a purchasing agent?

Mr. MACK. That is correct. After a requisition has been declared eligible by the Lend-Lease Administration, and after the allocation on priorities has been determined by the War Production Board, we then make the purchase.

Mr. LUDLOW. Will you have any difficulty in getting all of this amount of stuff?

PRICES AND METHODS OF PURCHASE

Mr. MACK. The tight items are allocated or given priorities.

The CHAIRMAN. Do you buy by bids, or through negotiated purchases?

Mr. MACK. We buy both ways, but primarily through negotiations.

The CHAIRMAN. What precautions do you take to secure the lowest market prices by negotiation?

Mr. MACK. I would like to emphasize this point that negotiation does not necessarily mean that we will buy from one individual without obtaining the quotations of others. We get these quotations, not through the formal procedure of sending out invitations to bid, but by telegraph, airmail, or telephone.

The CHAIRMAN. You think your coverage is sufficiently comprehensive to assure you that you cannot secure it cheaper somewhere within your territory?

Mr. MACK. In purchasing through negotiation we make it a point to have every administrative safeguard possible so we will get quick action, and at the same time be sure that the purchase is properly made.

The CHAIRMAN. You take into consideration the matter of economy as well as the matter of celerity?

Mr. MACK. Yes, sir.

The CHAIRMAN. On what basis have you estimated these estimates before us here, upon the basis of estimates or purchases previously made, on market prices, or upon open estimates.

Mr. MACK. We based our estimates on present market prices.

The CHAIRMAN. Do you feel that you can secure the amounts required, or the additional amounts estimated for?

Mr. MACK. We think so. There may be certain items that will cost a little bit more than the prices we have indicated, but I think that for the most part the estimated cost will be sufficient to cover.

Mr. TABER. As to each of these items, I want somebody to put in a break-down showing what has been done with this. I would like to have a statement of the appropriations, allocations, and deliveries.

Mr. STETTINIUS. You want us to furnish a statement of the appropriations, allocations, and deliveries?

Mr. TABER. Yes; with the amount requested at this time.

Mr. STETTINIUS. We will have prepared such a statement for insertion in the record.

(The statement requested appears on pp. 184, 185.)

CATEGORY 6—MATERIALS AND SUPPLIES FOR PROTECTION, MAINTENANCE, ETC., OF FACILITIES AND DEFENSE ARTICLES—LEND-LEASE ADMINISTRATION

The CHAIRMAN. Mr. Stettinius, in category 6, there are three items. The first is an item of \$35,000,000 for components, materials, and supplies for the protection, maintenance, operation, and servicing of facilities and defense articles. The amount is \$25,000,000, because \$10,000,000 of it is under agriculture. What is the purpose of that?

Mr. STETTINIUS. That is a provision to take care of their essential supplies in situations that may arise, particularly in the Dominions, the British Empire, Canada, Russia, and China.

CATEGORY 8—MODERNIZATION, ALTERATIONS, ETC., OF DEFENSE ARTICLES—
LEND-LEASE ADMINISTRATION

The CHAIRMAN. In category 8, you have an item of \$60,000,000 for modernization and other repairs of defense articles. What is the need for that?

Mr. STETTINIUS. That means where planes that have been ordered on old Russian contracts or old British contracts have to be modernized. It would be putting in turrets, and the modernization of the aircraft. There may be some of them in process of manufacture at the present time that will require this. We feel that this is a very necessary item.

The CHAIRMAN. Is this a surmise or an estimate of what will be required, or do you have definite quantities in mind?

Mr. STETTINIUS. This estimate is based upon past experience, or upon our experience since last March.

CATEGORY 9—SERVICES AND EXPENSES—LEND-LEASE ADMINISTRATION

The CHAIRMAN. The last items are found in category 9, page 19, covering storage and distribution facilities, etc., \$415,000,000.

STORAGE AND DISTRIBUTION FACILITIES

Mr. STETTINIUS. As to those items I would like to have General Spalding comment on the estimates.

General SPALDING. This category 9 is a general purpose category intended to include all the services and expenses involved in the receipt, storage, forwarding, and distribution of lend-lease goods of a nonmilitary nature.

The total amount of the category is about 12½ percent of the total amount covered by the bill. In my own opinion, this is too small a percentage to cover all the contingencies and unexpected costs which may arise in such world-wide operations as those in which we are engaged. However, it is the summation of estimates made separately for each kind of service and from the point of view of justification before the Budget Bureau and your committee, such an estimate is perhaps better than one expressed as a mere percentage, as, say 15 percent or 20 percent of the total. But the detailed estimate has another purpose with which I am sure your committee will find no fault. It outlines a definite plan and organization for distribution, which we hope may come into being and be adhered to. In general, this system proposes:

(a) To provide, by lease, purchase, or construction, reserve export depots in the interior of the country, in which 30 days' nonmilitary supply can be held for forwarding to the Pacific, Gulf, or Atlantic coasts for shipment.

(b) To provide for the completion of the export regulating stations begun with funds previously appropriated, each to cover two or more ports and in which balanced cargoes can be prepared for shipment.

(c) The improvement of ports so that a reasonable bank of goods can be held and spread out for prompt loading and for special facilities for the handling of heavy lifts and explosives.

(d) The improvement of discharge ports overseas and the enlargement of clearance facilities there.

(e) The proper storage of goods overseas and the provision of suitable shops for the maintenance of lend-lease articles and their operation.

(f) The opening up of new routes or the development of new organizations to meet the needs of a world-wide supply system.

I will take the items up in order. It is proper to emphasize that under no conditions should lend-lease provide money for purposes which might restrict or interfere in any way with the operations of the War and Navy Departments, but, rather, to so act as to increase rather than detract from the freedom of action of commanders in the field.

Mr. LUDLOW. You say you do not have sufficient money for this item. What did you ask the Budget for?

General SPALDING. They did not cut it.

Mr. LUDLOW. Then you did not present a sufficient estimate?

General SPALDING. That was simply because we did not have enough imagination.

I have a statement here which I think the committee might be interested in.

The CHAIRMAN. You may submit that for our information.

MAINTENANCE AND OPERATION OF FOREIGN LEND-LEASE MISSIONS AND SERVICES

(See p. 182)

The CHAIRMAN. We have an item of \$60,000,000 for the maintenance and operation of foreign lend-lease missions and services.

Mr. STETTINIUS. That covers missions at many points in the world. For instance, we have the MacGruder mission, the Maxwell mission, and so forth, in China and Russia. This covers the expenses of those missions.

The CHAIRMAN. That is quite a sum for that purpose—\$60,000,000.

Mr. STETTINIUS. It also provides for the construction of stations at various points, and for the maintenance of the stations.

The CHAIRMAN. Are they military rather than diplomatic?

Mr. STETTINIUS. They are supply stations.

The CHAIRMAN. How many are there?

General SPALDING. We have figured \$6,000,000 apiece for 10 stations.

These stations are under the direction of the State Department. They have a personnel of their own, apart from those who are operating the depots.

PACKING AND TRANSPORTATION FOR NONMILITARY GOODS

The CHAIRMAN. For packing, transportation, and other handling charges for nonmilitary goods, including their reshipment, you estimate \$100,000,000.

General SPALDING. That covers packing, repacking, and transportation charges.

The CHAIRMAN. Does that have any connection with the first item in this category?

General SPALDING. This item of \$100,000,000 is a general undistributed reserve to cover the packing, repacking, and handling, including reshipment, of nonmilitary goods.

It differs from the amounts set up for storage and distribution in that the former items are intended and estimated to finance an orderly system of storage and distribution, while this reserve is set up to meet departures from system, such as rehandling, repacking, reshipment, and all those innumerable and accidental costs which arise in the orderly disorder of supply during war.

The sum will be expended either by allocations to the procuring services or, and perhaps more frequently, in meeting special requisitions or bills for such accidental and contingent services which lend-lease initiates.

Included in this item, though not particularly specified herein, is an amount for rolling stock, special gear, and vehicles for use where existing facilities are insufficient and additional cars or trucks or other vehicles, air, water, or land, are necessary.

MAINTENANCE AND OPERATION OF FOREIGN LEND-LEASE MISSIONS

(See p. 181)

Mr. WOODRUM. I do not understand that item of \$60,000,000 for foreign lend-lease missions.

General SPALDING. That estimate I did not make up myself. The estimate is arrived at by taking a summation of the estimates for each of the American missions abroad.

Mr. WOODRUM. How many missions do we have?

Mr. YOUNG. These are primarily nonmilitary missions that we have in some of the countries. This covers the cost of the people who are checking up on lend-lease operations abroad. They are nonmilitary in character.

Mr. STETTINIUS. I would like to have a statement prepared for the record in regard to these items.

The CHAIRMAN. Prepare a summarized statement for the record.

Mr. STETTINIUS. I will do so.

(The statement requested is as follows:)

CATEGORY 9—SUMMARY

ITEM II.—SUPERVISION OF LEND-LEASE DEPOTS AND THE OPERATION OF LEND-LEASE SERVICES ABROAD (FORMER TITLE: "MAINTENANCE AND OPERATION OF FOREIGN LEND-LEASE MISSIONS AND SERVICES")

In each lend-lease country there will be established, where this has not already been done, a deputy administrator of lend-lease charged with the inspection and supervision of all lend-lease activities within the area of his responsibilities.

This officer will be appointed by the Administrator. He will submit reports through the State Department and be accountable to that Department. In areas where military operations are paramount he will be attached to and serve as an adviser on lend-lease affairs to the American commander of the area.

He will require a suitable technical and administrative staff which will vary in size and make-up with conditions in the area (the salaries and allowances to correspond generally with those paid to military administrative officers having similar responsibilities; wherever practicable such officers and staff will be drawn from existing Government departments and perform these lend-lease duties in addition to their regular duties).

In order that supervision may be uninterrupted estimates for the maintenance of such officers are for the period ending June 30, 1943—or approximately 16 months.

A. 26 lend-lease missions in all at average \$5,000 per month for salaries, expenses, and services—for 16 months—\$80,000 each-----	\$2, 080, 000
B. For depot administration at each 8 lend-lease primary overseas depots and such secondary depots as may be needed-----	2, 420, 000
C. For purchase and/or interchange by reverse—lend-lease of local supplies-----	26, 000, 000
D. For technical and scientific investigations, surveys, and services (particularly engineering, medical, and geological including water supplies)-----	13, 000, 000
E. For special reserve stockages of foods, medicines, and other provisions to be established in our own or foreign possessions abroad with the intent of excluding lend-lease aid as soon as military situation permits-----	16, 500, 000
Total-----	60, 000, 000

Lend-lease may be called upon to provide at short notice completed installations of the character described above. Lend-lease should be prepared at all times to assume an active role in organizing projects of this character and in providing for competent American supervision and management. It assuredly is not enough merely to serve in a passive capacity, meeting only the requirements which the representatives of the foreign governments themselves foresee and over which they exercise supervision.

In a broad sense, the funds requested in category 9 are largely to guarantee lend-lease performance, as it were, and to ensure the most effective ultimate use of articles and services made available under lend-lease operation.

Mr. SNYDER. General, you say in this statement you have submitted, "There must be in the interior of the country Federal reserve export depots or yards capable of holding 1 month's loading or say 50,000 carloads in all."

What do you mean by "interior of the country"?

General SPALDING. I mean away from the coasts; not solely for protection, but to prevent congestion near the coasts.

Mr. SNYDER. You may recall that I recommended the construction of a highway across the country. That would be quite an asset in military procedure today, would it not?

General SPALDING. Yes, sir.

Mr. SNYDER. In this statement you say that "Covered storage would cost somewhere in the neighborhood of \$12 per square foot, including cost of real estate and trackage." You could get storage out in the field for \$5 per square foot, could you not?

General SPALDING. It has to be flat land near a railroad so we will not have so much work to do.

Mr. SNYDER. I want to comment on the fact that you could store all of this material out in the open, and not build houses close together. You could disperse the houses around so that fire, if it broke out, would not destroy all of them.

General SPALDING. We would require flat acreage near the tracks.

Mr. SNYDER. It would be cheaper to buy land on spur tracks, rather than along the main line of the railroad.

General SPALDING. That is correct and in many cases we will do that. I agree with you.

REPORT ON LEND-LEASE FUNDS

The CHAIRMAN. We have the third report of the President under the lend-lease law, in which he gives a full report of the \$12,985,000,000 by categories, allocations, and obligations, both by agencies and by appropriations, as well as by categories as of November 30, 1941.

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. I wonder if you could supplement your testimony by submitting the same tables giving us the same data down to January 31?

Mr. STETTINIUS. I can give you some information on that right up to February 8.

The CHAIRMAN. We will be glad to have that.

(The statement requested is as follows:)

Lend-lease appropriations—First Appropriation Act, Mar. 27, 1941—Second Appropriation Act, Oct. 28, 1941

[Millions of dollars]

Category	First Appropriation Act	Second Appropriation Act	Combined appropriations	Adjusted appropriation Jan. 31, 1942
Ordnance and ordnance stores.....	1,343	1,190	2,533	2,235
Aircraft and aeronautical material.....	2,054	685	2,739	2,877
Tanks and other vehicles.....	362	385	747	971
Vessels and other watercraft.....	629	850	1,479	1,657
Miscellaneous military equipment.....	260	155	415	467
Production facilities in United States.....	752	375	1,127	1,016
Agricultural and industrial commodities.....	1,350	1,875	3,225	3,093
Servicing, repair of sbips, etc.....	200	175	375	311
Services and expenses.....	40	285	325	325
Administrative expenses.....	10	10	20	20
Total.....	7,000	5,985	12,985	12,972

Office of Lend-Lease Administration, Feb. 14, 1942.

Allocations and obligations under lend-lease appropriation acts to Jan. 31, 1942

[Millions of dollars]

BY PROCURING AGENCY

Procuring agency	Allocations	Obligations
War Department.....	6,605	3,780
Navy Department.....	2,509	1,605
Maritime Commission.....	1,105	843
Treasury Department.....	826	462
Department of Agriculture.....	995	660
Total.....	12,040	7,350

BY APPROPRIATION CATEGORY

Category	Allocations	Obligations
Ordnance and ordnance stores.....	2,146	1,233
Aircraft and aeronautic material.....	2,832	1,982
Tanks and other vehicles.....	934	524
Vessels and other watercraft.....	1,572	1,173
Miscellaneous military equipment.....	454	113
Production facilities.....	1,007	588
Agricultural and industrial commodities.....	2,523	1,500
Servicing, repair of ships, etc.....	297	186
Services and expenses.....	267	48
Administrative expenses.....	8	3
Total.....	12,040	7,350

Office of Lend-Lease Administration, Feb. 14, 1942.

Total lend-lease aid

[Millions of dollars]

Type of aid	Cumulative to Jan. 31, 1942	Month of January 1942
Defense articles transferred.....	1,148	223
Articles awaiting transfer or use.....	313	122
Articles in process of manufacture.....	122	17
Servicing and repair of ships.....	113	29
Rental and charter of ships, etc.....	161	26
Production facilities in United States.....	141	41
Miscellaneous expenses.....	3	1
Total.....	2,001	462

Office of Lend-Lease Administration, Feb. 14, 1942.

CUMULATIVE		MONTHLY	
	Millions of dollars		Millions of dollars
March.....	18	March.....	18
April.....	58	April.....	40
May.....	118	May.....	60
June.....	203	June.....	85
July.....	337	July.....	134
August.....	487	August.....	150
September.....	694	September.....	207
October.....	919	October.....	225
November.....	1,202	November.....	283
December.....	1,540	December.....	338
January.....	2,001	January.....	462

Office of Lend-Lease Administration, Feb. 14, 1942.

Quantities of nonmilitary goods transferred to Jan. 31, 1942

	Quantity
Meat and fish products.....	pounds 677,058,655
Milk products.....	do 523,364,224
Egg products.....	do 113,114,914
Fruits and vegetables.....	do 765,289,322
Grain and cereal products.....	do 910,952,952
Sugar and related products.....	do 7,616,400
Cotton linters.....	do 29,913,068
Raw cotton.....	bales 473,345
Leaf tobacco.....	hogsheads 131,768
Petroleum products.....	barrels 40,939,056
Fertilizers.....	tons 1,471,940
Iron and steel.....	do 1,501,466
Nonferrous metals.....	do 1,73,209

¹ To Dec. 15, 1941.

Office of Lend-Lease Administration, February 14, 1942.

Mr. STETTINIUS. I think you would like to have in the record a number of reports that we have. We have two over-all statistical statements, with some graphic charts here, which give a picture of the operations up to the present time, showing the actual status of the program at the present time.

The CHAIRMAN. Are there any unobligated balances?

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. When will all of it be obligated?

Mr. STETTINIUS. It is all allocated now. The first funds will be completely exhausted, with the exception of \$500,000,000 that the Secretary

of Agriculture referred to this morning. At the end of January, the total allocations were \$12,100,000,000, and the obligations were \$7,300,000,000.

CHANGE IN LEND-LEASE PROCEDURE

The CHAIRMAN. In your opening statement, you referred to the fact that the Army and Navy had lend-lease appropriation items in their appropriations. What is the difference between the handling of those items by the Army and the Navy and the handling of your items?

Mr. STETTINIUS. In the new Army and Navy appropriations there are items or funds for tanks and bombers, we will say, where you have appropriated the money directly to the Army or Navy, but the newly created Assignment Board will determine where these items are to go. Some of the money will go to our own forces, and some of the money will go to Russia, and some to China. We, in turn, are notified of the transfers to the various foreign countries, and we consolidate them in here.

The CHAIRMAN. They still pass through the Lend-Lease Administration?

Mr. STETTINIUS. Yes; at least so far as the transfer is concerned. We are working out procedures with the Budget, and the War, and Navy Departments on the other phases of the situation.

The CHAIRMAN. You have a careful accounting of lend-lease requirements?

Mr. STETTINIUS. Yes, sir; there is a report every 90 days of what the other countries receive.

PROPOSED SINGLE SUM APPROPRIATION

The CHAIRMAN. Why is it necessary to carry all of this in one sum? What is the necessity of that, or why should you not carry a leeway of, say, 5 percent among items?

Mr. STETTINIUS. We feel that it is an over-all situation. We are now in a crisis where the picture is changing from week to week. We find that we can do a much more satisfactory and efficient job if we have a lump-sum appropriation.

The CHAIRMAN. What has been your experience with the present interchange provision? Have you availed yourself of that?

Mr. STETTINIUS. Yes, sir; we have had difficulty with that. We have been unable to do certain things because of that limitation on the transferability of funds.

Mr. LUDLOW. Would a 10-percent limitation be better?

Mr. STETTINIUS. It is 20 percent now.

Mr. LUDLOW. And you think that is too low?

Mr. STETTINIUS. Yes, sir.

Mr. TABER. You have not had any trouble with it, have you?

Mr. STETTINIUS. Yes, sir.

General SPALDING. Yes, sir; in getting storage depots started, for instance.

Mr. TABER. But not because you did not have the funds available?

Mr. STETTINIUS. Yes, sir. Many times we have had calls for money for something that we have not been able to furnish because the surplus or the reserve was in some other category.

STORAGE AND DISTRIBUTION FACILITIES

Mr. TABER. General Spalding, what have you been spending already for storage?

General SPALDING. I have a list of the allocations.

Mr. TABER. Have you built any storage complete?

General SPALDING. Yes, sir.

Mr. TABER. Are they full or empty?

General SPALDING. All that we have are full. There is a whole lot of railroad storage in addition which is full also. The storage situation is getting tight.

Mr. TABER. How much have you spent on it?

General SPALDING. \$185,000,000 here and abroad.

Mr. TABER. For storage?

General SPALDING. Yes, sir.

Mr. TABER. And you want us to give you \$415,000,000?

General SPALDING. With \$100,000,000 in addition for rehandling and so forth.

Mr. TABER. That means \$515,000,000 to store annually approximately something less than \$4,000,000,000 worth of stuff. You have spent \$185,000,000 to handle \$11,000,000,000 worth of stuff.

General SPALDING. We have not handled it. You must provide storage in advance. You cannot ask for it at the same time you ask for the articles. If we had had the storage at first, under the first lend-lease bill, we would not be so crowded now. However, we have asked for it in this bill.

Mr. TABER. How many square feet of storage space do you have now?

General SPALDING. We have built only about 6 million square feet, 3 million square feet at Voorheesville, near Schenectady, N. Y., and 3 million square feet at Marietta, Pa. We have storage under construction on the west coast.

Mr. TABER. You have constructed 3 million square feet?

General SPALDING. In each of those places; yes, sir. We will construct 3 million square feet on the west coast and 3 million square feet on the east coast.

Mr. TABER. You will have 3 million square feet on the east coast and 3 million square feet on the west coast?

General SPALDING. Yes, sir.

Mr. TABER. How many square feet do you have under construction?

General SPALDING. I want to make that statement a little more carefully. We have 6 million square feet in the East that is in operation, 3 million square feet at Marietta, Pa., and 3 million square feet at Voorheesville, near Schenectady, N. Y. We have under pressure construction in the West, but not completed, 9 million square feet, 3 million in the Northwest, 3 million in the Midwest section, and 3 million in the Southwest section. Then, we have 3 million feet in the east Gulf section and 3 million feet in the west Gulf section just started. There is one additional on the south Atlantic.

Mr. LUDLOW. What is the type of construction?

General SPALDING. It is simple construction, but of a permanent type.

Mr. TABER. That cost is \$185,000,000?

General SPALDING. In addition to storage, we have done a lot of other things abroad. I have the allocations right here.

Mr. TABER. There is only a part of it I can follow.

General SPALDING. Those igloos are for the storage of ordnance stuff, or explosives. You have to have them well separated.

Mr. SNYDER. You need to have good space between the buildings?

General SPALDING. Yes, sir; we want them fireproof, with trackage between the buildings.

The CHAIRMAN. General, in connection with your testimony, submit a brief statement containing such information as you think it would be proper for you to give in regard to these storage facilities, justifying the estimate, but leaving out anything that you think would prejudice the situation.

General SPALDING. I will furnish that.

Mr. TABER. I am not satisfied with this amount of \$415,000,000 for storage. If you are going to build storage, you will get it for \$3.50 or \$4 per square foot; and if so, you would have 100,000,000 square feet of storage in the United States.

General SPALDING. A large part of it will be open.

Mr. TABER. That should be cheaper than \$3.50 or \$4 per square foot.

General SPALDING. Yes, sir; except that you have to have tracks and cranes for handling the stuff.

Mr. WOODRUM. What does your storage cost?

General SPALDING. They run about \$8 per square foot for depot storage. That would be for both covered and open storage.

Mr. WOODRUM. How much does covered storage run?

General SPALDING. It would probably run to about \$14, depending on the location. A part of that would be for excavation.

Mr. WOODRUM. Does that include rail facilities?

General SPALDING. Yes, sir. In some places it will run \$12.

Mr. WOODRUM. In what place would it cost \$12?

General SPALDING. At Voorheesville, on the covered part of it.

Mr. TABER. At a port?

General SPALDING. In a port district. I like to have storage in the interior, but when we move stuff to the ships you must have intermediate depots close to the ports in which balanced cargoes can be held ready for ships.

Mr. WIGGLESWORTH. Do I understand that there will be something in the nature of a break-down, either for the record or for the use of the committee, of this \$60,000,000 item?

Mr. STETTINIUS. Yes, sir.

ALLOCATION, OBLIGATION, AND EXPENDITURE OF PREVIOUS FUNDS

Mr. WIGGLESWORTH. You have had \$12,985,000,000, and you are now asking for \$5,430,000,000. In order to get the total picture, there should be added whatever may come to you under the military title of the bill and the Maritime Commission part of it?

Mr. STETTINIUS. Not in funds—in items of material, but not in funds.

Mr. WIGGLESWORTH. How much of the \$12,985,000,000 have you allocated?

Mr. STETTINIUS. \$12,225,000,000.

Mr. WIGGLESWORTH. As of what date?

Mr. STETTINIUS. As of the 12th. Today is the 13th.

Mr. WIGGLESWORTH. As of February 12?

Mr. STETTINIUS. As of February 12. Of the total appropriation of \$12,985,000,000, \$12,225,000,000 has been allocated.

Mr. WIGGLESWORTH. What are the obligations?

Mr. STETTINIUS. The obligations are \$7,925,000,000 as of February 8.

Mr. WIGGLESWORTH. How much of that has been expended?

Mr. STETTINIUS. The expenditures, as of January 31, were \$1,811,-000,000.

Mr. WIGGLESWORTH. How much have you actually shipped?

Mr. STETTINIUS. The total covers \$2,001,000,000, made up of articles transferred, \$1,148,000,000; articles awaiting transfer, \$313,000,000; articles in process of manufacture, \$122,000,000; servicing and repair of ships, \$113,000,000. The rest are miscellaneous items, making up the \$2,001,000,000.

Mr. WIGGLESWORTH. In connection with allocations and obligations, you spoke of a set-up in your office.

JOINT BOARD TO COORDINATE MUNITIONS ASSIGNMENTS, RAW MATERIALS,
AND SHIPPING ADJUSTMENT

Mr. STETTINIUS. That is the Munitions Assignment Board.

Mr. WIGGLESWORTH. Who composes it?

Mr. STETTINIUS. Mr. Hopkins is chairman of it, and General Burns is the executive director.

Mr. WIGGLESWORTH. What are the duties of that set-up, and what is their relation to your office?

Mr. STETTINIUS. There was an Executive order creating it, under the agreement between the President and the Prime Minister. It consists of American Army and Navy representatives and British Army and Navy representatives.

The function of the Munitions Assignment Board is to allocate the munitions in accordance with the strategic needs and the war plans, so that in any particular case they decide how the plants and the tanks are to be allocated or assigned.

Mr. WIGGLESWORTH. Do they have anything to say as to the amount that is to be provided?

Mr. Cox. Well, they do in quantities, but they are not concerned with the dollar amount.

Mr. WIGGLESWORTH. Suppose the British people want so many tanks from us; who passes on whether that number of tanks is justified and whether we can afford to provide them?

Mr. STETTINIUS. The Munitions Assignment Board, based upon a military strategy consideration.

Mr. WIGGLESWORTH. That is the Board we are talking about now?

Mr. STETTINIUS. That is right.

Mr. WIGGLESWORTH. And that is wholly outside of your office?

Mr. STETTINIUS. That is correct, sir.

Mr. Cox. With the exception that in some cases representing these 36 lend-lease countries, lend-lease may sponsor their claim or present the claim, because in practical effect the Board sits somewhat like a court in dividing the munitions production of both the United Kingdom and the United States in terms of the united nations.

MR. WIGGLESWORTH. But I am talking about before we get to that point—who determines whether we will make a given quantity of tanks or airplanes for Great Britain or China or Russia?

MR. COX. Most of the things which are made are made in terms of fully utilizing the productive capacity of the country, with an attempt to make them as standard as possible for all uses.

MR. WIGGLESWORTH. When a requisition comes from Great Britain, to whom does that requisition go for approval?

MR. COX. It goes to the War Department in the first instance, under the new procedure, with a copy to Lend-Lease. There probably will not be any requisitions for the so-called common items. In other words, on a standard item the first job is to put it into production. When the thing is close to being produced the Munitions Assignment Board assigns it for distribution. If it is a noncommon item, such as a special engine to go in a tank being made in England, in the first instance that request will be made to the Army. The Army may, for example, turn it down because it thinks the production of it would interfere with our production in meeting the President's program. At that point we would get a copy of the request, and if it seemed to be a case of enough importance to take up with the Assignment Board, Lend Lease would take it up on appeal to the Assignment Board.

MR. WIGGLESWORTH. Is there any reason why the committee should not have a copy of that memorandum, or is that highly confidential?

MR. COX. No; it has been released to the press. The War Department less than 10 days ago issued a statement about the Combined Chiefs of Staff.

MR. TABER. Does that show the personnel of the Board?

MR. COX. I am not sure that the Munitions Assignment Board is shown in detail.

MR. STETTINIUS. Colonel Franks can perhaps give us a statement on that.

MR. TABER. We ought to have that personnel in the record; at least the American representatives and the fact that there are three British representatives.

(The statement referred to is as follows:)

To further coordination of the United Nations war effort, the President and Prime Minister Churchill have set up three boards to deal with munition assignments, shipping adjustment, and raw materials. The functions of these boards are outlined in the following statements.

Members of the boards will confer with representatives of the Union of Soviet Socialist Republics, China, and such other of the United Nations as are necessary to attain common purposes and provide for the most effective utilization of the joint resources of the United Nations.

COMBINED RAW MATERIALS BOARD

A planned and expeditious utilization of the raw material resources of the United Nations is necessary in the prosecution of the war. To obtain such a utilization of our raw material resources in the most efficient and speediest possible manner, we hereby create the Combined Raw Materials Board.

This Board will:

(a) Be composed of a representative of the British Government and a representative of the United States Government. The British member will represent and act under the instruction of the Minister of Supply. The Board shall have power to appoint the staff necessary to carry out its responsibilities.

(b) Plan the best and speediest development, expansion, and use of the raw material resources, under the jurisdiction or control of the two Governments, and make the recommendations necessary to execute such plans. Such recommendations shall be carried out by all parts of the respective Governments.

(c) In collaboration with others of the United Nations work toward the best utilization of their raw material resources, and, in collaboration with the interested nation or nations, formulate plans and recommendations for the development, expansion, purchase, or other effective use of their raw materials.

MUNITIONS ASSIGNMENTS BOARD

1. The entire munition resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged.

2. Committees will be formed in Washington and London under the Combined Chiefs of Staff in a manner similar to the South-West Pacific Agreement. These Committees will advise on all assignments both in quantity and priority, whether to Great Britain and the United States or other of the United Nations in accordance with strategic needs.

3. In order that these Committees may be fully apprised of the policy of their respective Governments, the President will nominate a civil Chairman who will preside over the Committee in Washington, and the Prime Minister of Great Britain will make a similar nomination in respect of the Committee in London. In each case the Committee will be assisted by a Secretary capable of surveying every branch and keeping in touch with the work of every subcommittee as may be necessary.

4. The Civilian Chairmen in Washington and London may invite representatives of the State Department, the Foreign Office or production ministries or agencies to attend meetings.

COMBINED SHIPPING ADJUSTMENT BOARD

1. In principle, the shipping resources of the two countries will be deemed to be pooled. The fullest information will be interchanged.

2. Owing to the military and physical facts of the situation around the British Isles, the entire movement of shipping now under the control of Great Britain will continue to be directed by the Ministry of War Transport.

3. Similarly, the appropriate authority in the United States will continue to direct the movements and allocations of United States shipping, or shipping of other powers under United States control.

4. In order to adjust and concert in one harmonious policy the work of the British Ministry of War Transport and the shipping authorities of the United States Government, there will be established forthwith in Washington a combined shipping adjustment board, consisting of a representative of the United States and a representative of the British Government, who will represent and act under the instructions of the British Minister of War Transport.

5. A similar adjustment board will be set up in London consisting of the Minister of War Transport and a representative of the United States Government.

6. In both cases the executive power will be exercised solely by the appropriate shipping agency in Washington and by the Minister of War Transport in London.

PROCEDURE GOVERNING REQUESTS FOR LEND-LEASE

Mr. WIGGLESWORTH. I would like to ask this, either on or off the record: Have the requests from foreign countries been complied with 100 percent, or 90 percent, or 75 percent, or what is the general picture in that connection? The thing that concerns me is this: Of course, in this jam we have got to do everything we can that is necessary. On the other hand, it seems to me we are inevitably headed for a terrific situation financially, and therefore it is important not to do more than is necessary. Is there anyone in this picture that is daring to hold the thing down to the yardstick of needs, and if so, who?

Mr. STETTINUS. I shall be glad to furnish you with a statement of our procedure controlling the requests for lend-lease aid.

(The statement requested is as follows:)

STATEMENT ON CONTROL AND PROCEDURE USED IN PASSING UPON
REQUESTS FOR LEND-LEASE AID

Countries seeking lend-lease aid must set forth in a requisition submitted to the Lend-Lease Administration the use to which the requested article or service is to be put, and the reason why it is needed. No items are approved unless the following conditions are met:

(1) The lend-lease aid requested must be for use essential to the war or defense effort of a country whose defense the President has found vital to the defense of the United States.

(2) Lend-lease funds must be available to supply the requested lend-lease aid or it must be available for transfer from appropriations made prior to March 11, 1941.

(3) The requested lend-lease aid must come within the legal scope of the Lend-Lease Act.

(4) The requested lend-lease aid must be, insofar as practicable, of the most economical and efficient type for the intended use.

Each requisition is submitted to the liaison officer of the Lend-Lease Administration in charge of the particular country requesting the aid. If the requisition contains the necessary information, showing that the above requirements are satisfied, the liaison officer recommends approval of the requisition. The requisition is then passed upon by the General Counsel's Office and the Assistant Administrator in charge of clearances. Each requisition must go through this procedure and receive this approval before it is sent to the procurement agency with authorization to commit the necessary funds for procurement.

With respect to materials which are in short supply in the United States, the information set forth in the attached form "Formula as to information to be requested for materials in short supply in the United States" is required before requisitions are accepted and approved for these materials. You will notice that this information includes data concerning the restrictions on use in effect in the lend-lease country involved.

In order for the procurement agency to purchase such articles or materials it must get a sufficient priority rating from the War Production Board.

In addition to the checking of each individual requisition there are, of course, other controls which operate to prevent the lend-leasing of nonessential materials and articles. The most important of these is the limited availability of shipping space and the control over the allocation of ships which naturally forces every lend-lease country to limit its requests to the most essential cargoes. Attached is a memorandum of the office of lend-lease administration to the former Supply Priorities and Allocations Board which sets forth the controls exercised with respect to the lend-leasing of raw materials.

Also attached is a letter of January 14, 1942, of the Executive Director of the Board of Economic Warfare to the Executive Director of the Supply Priorities and Allocations Board outlining the controls of the exports of all materials from the United States.

FORMULA AS TO INFORMATION TO BE REQUESTED FOR MATERIALS IN SHORT SUPPLY
IN THE UNITED STATES

The following is a general statement of the information which lend-lease will request from the United Kingdom and the British Empire with respect to commodities which are in short supply in the United States.

In the case of the British Dominions and colonies the information should be given for each material with respect to each Dominion and each large colony, the smaller colonies being grouped by areas where practicable.

The requested information is as follows for each critical material:

1. *Supply*.—(a) Inventories indicating the period which they are designed to cover; (b) production and productivity capacity for the most recent 12-month period available; (c) imports broken down as between the United States, the British Empire, and other countries given for the most recent 12-month period available.

2. *Exports*.—These to be given separately for the United States, the British Empire, and other countries for the most recent 12-month period available.

3. *Consumption*.—Quantities and percentages to be shown in the following categories for the most recent 12-month period available: (a) Materials which are to be used directly for military, naval, or air forces and materials to be used in the production and maintenance of the above; (b) materials to be used in public utilities; (c) essential civilian needs indicating in as great detail as possible what these needs are and why they are essential; (d) nonessential civilian needs.

4. *Requirements*.—These to be given both by quantities and percentages for as long a period in advance as possible (indicating the period) and to give the same information as that requested in (a), (b), and (c) above with more detailed data, particularly with respect to (c).

5. *Restrictions on consumption*.—A statement should be given as to the governmental restrictions on the distribution and use of the material involved, both as to restrictions on the price and rationing restrictions.

In the case of any of the items referred to above a statement should also be made explaining any drastic change in the situation since the end of the period covered.

OFFICE OF LEND-LEASE ADMINISTRATION,
Washington, D. C., January 10, 1942.

Mr. DONALD M. NELSON,

Director of Priorities, Office of Production Management,

Washington, D. C.

DEAR Mr. NELSON: I am enclosing, herewith, the report which you requested as to the controls exercised over the use of scarce raw materials provided by this country under the lend-lease program.

Very sincerely yours,

Lend-Lease Administrator.

CONTROLS OPERATING OVER THE USE OF RAW MATERIALS BY FOREIGN GOVERNMENT
BENEFICIARIES OF THE LEND-LEASE PROGRAM

1. Fundamentally control of the use of scarce raw materials throughout the lend-lease area depends on complete information as to both the supply and the requirements of all the anti-axis countries. Ideally, allocation of materials to meet the requirements of any country should be made after considering what raw materials that country can supply from its own sources or imports, what war articles it produces and can produce, how necessary such articles are, how efficiently its industries operate, what restrictions there are on use of raw materials for nonwar purposes and many other factors.

2. Although, obviously, such complete information is not always available and there are obstacles to an ideal allocation, the Lend-Lease Administration promotes and utilizes all possible controls consistent with the speed that is essential in furnishing aid to our Allies.

3. A combination of devices and circumstances produce controls which permit an allocation of scarce materials on the basis of greatest need and greatest effective utilization. Some of these controls are as follows:

(a) Lend-Lease requires that every requisition contain a representation of the use to be made and the place of use of the article requisitioned. Requests for articles intended for doubtful uses or places have been denied. These representations admittedly constitute only a minimum control. But they implement the policy that lend-lease will not furnish materials for any but essential war needs in accordance with congressional intent. They further have served the purpose of educating foreign countries as to what this Government thinks are non-essential purposes.

(b) Lend-lease policy recognizes, that the mere use of lend-lease material for war purposes is not, however, necessarily significant nor justified if other similar articles or materials are being employed in nonessential ways. Especially in cases of requests for raw materials, therefore, lend-lease has obtained increas-

ingly detailed surveys of the entire supply and requirements picture of the requisitioning country. The attached mimeographed outline indicates the nature of the information which is sought in such cases as the basis for passing on requisitions of foreign governments.

Allocations are made on the basis of such information. But if the information reveals deficiencies in methods of utilization of materials, insufficient restrictions on nonessential uses or availability of material from some other source, lend-lease may disallow or partially disallow the requested aid.

Likewise, effective pressure is exerted for the adoption of greater controls, more efficient utilization, etc., by the requisitioning government. The threat is always implicit, by virtue of circumstances alone, that supplies will simply not be available to meet any but the most severely curtailed demands. The result is acceleration of the steps which foreign governments are taking to readjust their economies for all-out war.

The lend-lease program, in a sense therefore, exerts influence even beyond the control of use of United States materials, and requires that countries fighting on our side make the best possible use of all materials available to them.

(c) Another of the controls over the use of raw materials obtained from this country is embodied in the White Paper of September 10, 1941. Under the White Paper the British have agreed that all lend-lease products would, wherever practicable, be distributed by governmental agencies. Wherever this was impracticable, the British Government exercises strict control and supervision over the distribution by the private agencies. The British also agreed not to export any lend-lease articles whatsoever without our consent, unless lend-lease materials could not be segregated from similar materials obtained from other sources. In the case of scarce materials obtained from the United States, the British agreed, with certain minor exceptions, not to export without our consent any similar materials regardless of the sources from which they were obtained.

The Lend-Lease Administration keeps the British informed of articles which are in short supply in the United States. It handles requests for waivers of the White Paper in individual cases, both upon British request and also where United States concerns request a waiver for the export of materials essential to the war effort.

It is contemplated that, as soon as possible, the case by case system of handling this control will be supplanted by programs, to be agreed upon with the British, covering export from the United Kingdom to all destinations of all scarce raw materials not only in their raw form but also as components of processed or finished articles.

The channeling of vital materials to the most essential destinations was only one of the purposes to be achieved by the White Paper. Nevertheless, it has served as a valuable control device in this connection.

(d) Primarily, lend-lease has to rely on the good faith and energy of the Allied Governments in carrying out their representations and executing their controls. It is entirely out of the question for this Government to police such controls in detail.

Nevertheless various military missions, special lend-lease representatives and regular State Department personnel are able to furnish surveys and reports which are informative as to such matters as the degree of efficiency of industrial war production and the effectiveness of governmental controls over civilian uses of materials in various places where lend-lease raw material is sent. If information of this character reveals faults, pressure can be exerted to bring about desirable changes. Lend-lease is in a position to deal very frankly with representatives of foreign governments.

(e) In addition to the controls exercised directly by the Lend-Lease Administration, there are other effective automatic controls over the use of raw materials by lend-lease countries. Perhaps the most important is the acute shortage of shipping facilities. Thus, each foreign government is compelled, independently of any other pressure, to make its own determination as to which of its needs are so essential as to justify fulfillment through the allocation of shipping space. The effect of this situation, again, is to compel the adoption of radical controls.

In addition, lend-lease funds available to any country are many times less than their needs and each country is faced with the problem of limiting its requests to the most vital defense articles.

There is also the virtually universal governmental control over foreign exchange transactions and over imports and exports which likewise operates to channel strategic and scarce commodities into war effort. The flow of trade outside of lend-lease is thus entirely under the scrutiny and control of those governments.

It would be an unwarranted distortion to imply that lend-lease pressure is required to bring about necessary controls by foreign governments. The problem is not so much one of inculcating the will to be conservative and efficient; it is rather one of focusing attention on the serious facts of supply shortages and emphasizing the harsh extent of measures required to be adopted.

It goes without saying, perhaps, that the foremost factor inducing controls over supplies is the eagerness of other governments, no less than our own, to bring about the necessary results.

BOARD OF ECONOMIC WARFARE,
Washington, D. C., January 14, 1942.

Subject: Controls of exports of scarce materials.

Mr. DONALD M. NELSON,

Executive Director, Supply Priorities and Allocations Board,

Washington, D. C.

DEAR MR. NELSON: This is in answer to your letter of December 26, in which you inquired regarding: (1) The controls exercised by this Board over the use abroad of scarce materials provided by this country, and (2) whether this Board has any policy recommendations covering situations where foreign needs should be dealt with either more or less favorably than our own.

The export materials in short supply to destinations other than Canada, Newfoundland, Great Britain, Northern Ireland, Greenland, Iceland, and the Philippines requires an individual license. The use to which the material is to be put is a primary consideration, and this applies even to goods which may be freely bought in this country without restriction as to use. The Board feels that the determination of essential use is particularly important since we cannot exercise jurisdiction beyond this point of export.

In our letter of January 8, on the subject of reports of the Interdepartmental Foreign Requirements Committee, we explained in some detail the method followed in arriving at the essential requirements of the friendly foreign countries. This method provides for the reduction of requirements to the essential minimum, and the estimates are carefully analyzed before being submitted to you.

In order to assure that allocated materials are properly used, the foreign governments submit recommended lists of consignees as well as recommended essential uses. These lists are checked by our foreign missions and are used as guides in the issuance of licenses covering allocated materials. A system of certificates is to be put into effect as soon as possible whereby the importer of materials under allocation will apply to his government for approval of the essentiality of use. These certificates will be submitted together with export license applications as a further control over distribution.

At the request of this Government the other American Republics have enacted legislation prohibiting re-export of critical materials. As an additional guard against the misuse of scarce materials, shipments are denied to the firms and individuals who make up the proclaimed list of certain blocked nationals. A confidential list of doubtful consignees is also maintained and shipments to these are denied except where undue hardship would result to the interest of American firms or the countries of destination.

The Intelligence Division maintains records on consignees indicating the type of business in which they are engaged and records of their imports. This control is of great assistance in determining whether the imports of a particular consignee are consistent with his previous business. The records are not complete, but are being constantly improved. Every effort is made to detect and prohibit shipments to consignees who cannot be relied on to put the materials which they import to strictly essential uses. In a large number of instances the foreign governments themselves attest to the essential need of the material applied for.

Although we cannot attain jurisdiction in the foreign countries, our foreign

missions are instructed to report all instances of unessential use which they are able to discover, and this Board is guided by dispatches received from the missions. * * *

The foreign governments are requested to cooperate from time to time with respect to conservation of scarce materials, supervision of materials shipped under allocation, and to cooperate in preventing materials from reaching unsatisfactory consignees. It is expected that foreign governments will be requested to establish rationing plans similar to those to be adopted in this country.

In summary, the controls mentioned are exercised most carefully with the determination to conserve scarce materials for defense requirements.

With respect to the second question, there are some instances where it is necessary to deal more or less favorably than with our own civilian requirements. There instances are pointed out in the individual studies which are submitted as a basis for allocations and also in the individual clearance cases according to circumstances. The Board has not established an over-all policy for this situation which is extremely variable. The effort is made to recommend the minimum needed for the maintenance of essential industry and where the minimum requirements in this country cannot be met, to recommend equivalent treatment for the friendly foreign countries.

We hope that with this explanation of the efforts being carried out by this office, the Supply Priorities and Allocations Board will be in full accord with the policy which this Board declared in its meeting of December 26.

Sincerely yours,

MILO PERKINS, *Executive Director.*

MR. WIGGLESWORTH. I want to ask two more questions. First, are you in a position to tell us what progress, if any, has been made with respect to an agreement with Great Britain primarily, or any other countries, as to the repayment for any of these supplies that are being made available? The Assistant Secretary of State testified the last time he was up here that negotiations were in process, but I do not know what the status is now.

(Discussion off the record.)

ESTIMATED DOLLAR BALANCES AND RECEIPTS OF BRITISH EMPIRE

MR. WIGGLESWORTH. The other question is this: Could someone furnish for the record similar information to what we had before, which would cover the monthly expenditure of the United Kingdom, or, say, Great Britain, Canada, and Australia, and also as to the status of the United Kingdom securities and balances in this country?

MR. STETTINIUS. The Undersecretary of the Treasury, Mr. Bell, I am sure, would be delighted to supply you with a statement on that matter.

(The statement requested was furnished the committee.)

MR. JOHNSON of West Virginia. Mr. Stettinius, if the Allies win, what do you think about the chances of getting a substantial return for the services that we are now rendering the United Kingdom and the other countries associated with us?

MR. STETTINIUS. I think there are excellent chances of working out a very satisfactory economic agreement.

MR. JOHNSON of West Virginia. And if we do not win, it does not make much difference whether we get anything back or not?

MR. STETTINIUS. That is right. But with the conferences that are taking place now between our Government and the British, I am hopeful that a very satisfactory agreement will be reached.

Mr. JOHNSON of West Virginia. Following that up and speaking of these storage houses and the goods that we manufacture under the Lend-Lease Act and that are stored in this country, we retain title to them, and as long as they remain here they are ours?

Mr. STETTINIUS. Yes, sir.

Mr. JOHNSON of West Virginia. They will not be shipped?

Mr. STETTINIUS. They will not be shipped.

Mr. JOHNSON of West Virginia. And they will be turned back to us when the war is over?

Mr. STETTINIUS. That is right.

Mr. JOHNSON of West Virginia. Now, in connection with these storage houses you do not want to have a bottleneck, but you want the thing to proceed along systematic lines?

Mr. STETTINIUS. Yes, sir. More than that, it is a most discouraging thing to a workman, and he cannot see why it is that they have to work three shifts when he sees 3 acres full of material.

Mr. JOHNSON of West Virginia. Now, across the water, how do you propose to procure locations beyond our shores for all these goods?

Mr. YOUNG. We have men over there who are looking after that.

Mr. JOHNSON of West Virginia. Then you will build the warehouses, and the material that we ship under the Lend-Lease Act, that is manufactured here, goes to those warehouses, and title to that material still remains in us as long as it is in storage there, until it is allocated?

Mr. STETTINIUS. That is right.

Mr. YOUNG. That is the way we would like to have all of it, but that is not so now.

Mr. JOHNSON of West Virginia. So that if the war should come to an end, and this material should be stored over there, it would still be under our jurisdiction and not distributed to Tom, Dick, and Harry to claim and own after this war is over?

Mr. STETTINIUS. That is right.

Mr. JOHNSON of West Virginia. And we would have a better opportunity to make a settlement by having the goods in our name, undistributed?

Mr. STETTINIUS. That is right.

Mr. LUDLOW. Mr. Stettinius, how many countries have applied for lend-lease aid?

Mr. STETTINIUS. There are 36 countries that have officially declared, sir.

Mr. LUDLOW. Could you put their names in the record?

Mr. STETTINIUS. They are already here, sir, made available to you in our last report.

Mr. LUDLOW. I wanted to ask you if you could give us an estimate of what percentage of the British requisitions have been met or are in process of being met.

Mr. STETTINIUS. That is, of their requests?

Mr. LUDLOW. Yes.

Mr. STETTINIUS. Of course that is divided between military, naval, and maritime items. I think it would be difficult to put that in percentage.

(Discussion off the record.)

The CHAIRMAN. If there are no further questions, we thank you, Mr. Stettinius.

APPENDIX A

(Information and data furnished by the Department of Agriculture in response to the inquiry on pp. 137 and 146 of the hearings:)

NOTE.—It is extremely difficult to compute the amount of increase in the proposed \$1,300,000,000 Budget which would be made necessary if parity prices were paid on all products. First of all, there are no parity prices for many of the products purchased, as for example processed commodities, fish products, naval stores, and vitamins. Most of the commodities purchased are not raw agricultural commodities but are processed materials for which there are no parity prices. For example, we buy evaporated milk, cheese, and dry-skim milk from processing plants; we do not purchase raw milk from the farmer. Similarly, we buy cured pork, canned pork, and lard from packing plants; we do not buy hogs.

For dairy, poultry, and pork products, the payment of parity prices was assumed in the proposed Budget, as on January 15, 1942, prices on milk, eggs, and pork were all above parity. For the same reason, the Budget contemplates payment of parity prices on tobacco. For cotton, wheat, some fruits, and some vegetables, the January 15 price was somewhat below parity. If the Budget were based on parity prices, this would increase the amount for cotton from \$90,670,000 to about \$96,457,000. A similar increase might be required in the case of wheat and flour if parity prices were assumed. For fruits and vegetables it would be impossible to determine the exact amount of increase in the Budget in view of the processing charges entering into the prices paid.

The fundamental fact is, however, that any budgetary figure based on payment of parity prices would be very misleading. If parity prices were paid for commodities which at any moment were below parity, this would involve either (1) payment of subsidy to a selected group who would be paid above the market price, or (2) extremely large purchases by the Government in order to support the entire market at the parity level. The amount which would be necessary under the latter alternative is not known, but it would probably be very large.

Comparative maximum acceptance prices of lend-lease commodities (purchased by Federal Surplus Commodities Corporation)

	Earliest maximum price paid		Latest maximum price paid		Unit
	Date	Dollars per unit	Date	Dollars per unit	
Dairy products:					
Evaporated milk ¹	Mar. 19, 1941	2.72	Feb. 11, 1942	3.45	Case.
Skim milk powder ²	Mar. 20, 1941	.066	do.....	.1275	Pound.
Cheese.....	Mar. 15, 1941	.1805	do.....	.2175	Pound.
Poultry products:					
Shell eggs ³	July 18, 1941	.2825	Feb. 13, 1942	.315	Dozen.
Dried whole eggs.....	May 15, 1941	.89	Feb. 12, 1942	1.02	Pound.
Meat products:					
Pork luncheon meat, canned ⁴	Apr. 22, 1941	.3247	Feb. 12, 1942	.40	Pound.
Cured pork ⁵	do.....	.13125	do.....	.145	Pound.
Hog casings.....	July 3, 1941	1.15	do.....	1.65	Bundle.
Beef bungs.....	Oct. 6, 1941	.12	do.....	.14	Each.
Fish:					
Canned fish:					
California sardines ⁶	Apr. 17, 1941	2.65	Jan. 2, 1942	2.90	Case.
Maine sardines ⁷	June 3, 1941	3.60	Dec. 11, 1941	3.15	Case.
Alaska red ⁸	Aug. 20, 1941	12.80	Jan. 28, 1942	12.99	Case.
Canned salmon (cohocs) ⁹	do.....	9.92	Feb. 3, 1942	10.00	Case.
Fats and oils:					
Oleo.....	May 8, 1941	.13	Feb. 12, 1942	.13	Pound.
Lard.....	Mar. 15, 1941	.085	do.....	.1288	Pound.

¹ 48/14½ ounces.

² Spray process.

³ Midwest.

⁴ 12 ounces.

⁵ American cut clear bellies 25-30 weight/range.

⁶ Natural tall 48/1.

⁷ Tomato 48/9 ounces.

⁸ 48/1.

⁹ 48/1.

Comparative maximum acceptance prices of lend-lease commodities (purchased by Federal Surplus Commodities Corporation)—Continued

	Earliest maximum price paid		Latest maximum price paid		Unit
	Date	Dollars per unit	Date	Dollars per unit	
Cereals:					
Soybeans.....	July 7, 1941	2.99	Dec. 29, 1941	3.38	Dollars per hundred-weight.
Soy flour.....	July 17, 1941	.0512	Dec. 23, 1941	.06335	Cents per pound.
Dried beans, U. S. No. 1.....	Mar. 15, 1941	3.00	Dec. 3, 1941	3.90	Dollars per hundred-weight.
Dried peas, U. S. No. 1.....	Oct. 10, 1941	5.60	Jan. 2, 1942	5.60	Dollars per hundred-weight.
Rice.....	Dec. 18, 1941	6.50	Feb. 11, 1942	6.75	Dollars per hundred-weight.
Seeds, vegetable ¹⁰	Nov. 19, 1941	3.75	Dec. 30, 1941	3.75	Pound.
Wheat.....	Nov. 29, 1941	.95	Jan. 13, 1942	1.02	Bushel.
Fruits and vegetables:					
Concentrated orange juice.....	June 2, 1941	2.25	Jan. 20, 1942	2.86	Gallon.
Pectin.....	June 23, 1941	.655	Sept. 25, 1941	.70	Pound.
Pork and beans (canned) ¹¹	May 8, 1941	.545	Jan. 14, 1942	.575	Dozen.
Tomatoes, canned ¹²	May 13, 1941	.975	Dec. 5, 1941	.80	Dozen.
Dried prunes.....	June 6, 1941	.0575	Nov. 21, 1941	.0625	Pound.
Raisins.....	Apr. 4, 1941	.0334	Dec. 12, 1941	.0525	Pound.
Other foodstuffs:					
Vitamin A.....	July 12, 1941	.13	Feb. 12, 1942	.30	Million inter units.
Chicory.....	Aug. 27, 1941	.0402	Oct. 30, 1941	.0544	Pound.
Naval stores:					
Pine oil.....	Sept. 22, 1941	.76	Jan. 19, 1942	.76	Gallon.
Kiln pine tar.....	do.....	.30	do.....	.35	Gallon.
Retort pine tar.....	do.....	.23	do.....	.355	Gallon.
Pine tar oil.....	do.....	.22	do.....	.35	Gallon.
Wood rosin (FF).....	do.....	2.40	do.....	2.70	Hundred-weight.

¹⁰ Carrot, Chantenay, long.¹¹ No. 300 delivered New York.¹² No. 2 f. o. b. origin.



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FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1942

FEBRUARY 17, 1942.—Committed to the Whole House on the state of the Union and ordered to be printed

Mr. CANNON of Missouri, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6611]

The Committee on Appropriations submits the following report in explanation of the bill entitled "A bill making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes"—the fifth supplemental national defense appropriation bill, 1942.

The Budget estimates upon which the bill is based were submitted by the President in House documents of the present session as follows: No. 615 for the Military Establishment in the sum of \$22,888,901,900; No. 614 for the Maritime Commission—\$1,502,000,000 of direct appropriation and \$2,350,000,000 of contract authorization; and No. 618 for defense aid (lend-lease), \$5,430,000,000; a total of direct appropriation of \$29,820,901,900 and \$2,350,000,000 in contract authorization, or a grand total of obligating authority of \$32,170,901,900.

The committee recommends the appropriation of the amount of the Budget estimates with the exception of \$100,000,000 of the amount for defense aid. The total of the bill, therefore, consists of \$29,720,901,900 of direct appropriation and \$2,350,000,000 of contractual authorization, or a total of obligating authority of \$32,070,901,900.

TOTAL APPROPRIATIONS FOR NATIONAL DEFENSE AND THE WAR EFFORT

Figures are frequently publicized from time to time as to the total of appropriations, contract authorizations, and commitments for national defense. It should be recalled that our national defense effort on an enlarged and programmed scale was inaugurated with funds which were appropriated in the middle of the calendar year 1940, or the commencement of the fiscal year 1941. The funds denominated "national defense" include those for the Army, Navy, Maritime Commission, Lend-Lease, and those to other agencies whose activities or the portion of whose activities are directly caused by the defense effort.

A table is included in this report showing all appropriations and contract authorizations for national defense for the fiscal years 1941, 1942, and 1943—(a) that have already been enacted, (b) which are pending before Congress in this and other appropriation bills for both the fiscal years 1942 and 1943, (c) those requested in Budget estimates pending in Congress for the fiscal year 1943 for appropriation bills that have not yet been considered, and (d) the estimated amount that will be required after June 30, 1943, to complete construction of the expanded Navy.

The total amount of all data incorporated in the statement is \$142,000,000,000. This amount, it should be remembered, covers the period of 3 fiscal years—1941, 1942, and 1943, or from July 1, 1940, to June 30, 1943. Appropriations are authority to enter into contracts and incur bills. They must be made far in advance of the actual delivery of finished goods and in the case of construction of war materials such as airplanes, tanks, plants, guns, ships, and other articles which require a long time to manufacture, the articles are delivered in most instances far in advance of the withdrawal of the funds from the Treasury to make final payment. Appropriations are also made by fiscal years and are available to incur obligations during the fiscal year for which they are titled but remain on the books for 2 successive fiscal years following the titled fiscal year for the payment of the bills incurred in that fiscal year. Thus when this sum of \$142,000,000,000 is referred to as covering 3 fiscal years, or from July 1, 1940, to June 30, 1943, some of it will remain on the books until June 30, 1945, for the payment of obligations that have been entered into prior to July 1, 1943.

There is great need for discussing these large totals with clarity and precision as to the facts, to the end that the public mind is not confused into believing that this total of appropriations and authorizations represents expenditures. Appropriations and authorizations are authority for administrative officers to commit the Government for certain definite and specified purposes by fiscal years as set out in those appropriations and authorizations. Expenditures flow only as the result of appropriations and are the measure of the actual cash disbursed from the Treasury in consequence thereof. Appropriations and authorizations need to be made far in advance in order that programs of orders for material, weapons, naval vessels, merchant ships, and all other war effort requirements may be integrated with the recruitment and training of manpower, and the long-range planning of the war strategy for the various theaters of action where that war

may be fought. The weight of appropriations upon the public finance, as reflected through the levying of taxes and the borrowing of funds through sale of bonds and otherwise, will be evidenced through the budget requirements from year to year based upon the expenditures from these and other appropriations as each fiscal year is met. The burden is already heavy in this fiscal year. It will be heavier in the next fiscal year—1943—and beyond that the burden will be determined by the course of the war. As appropriations are necessary far in advance to permit of long-range planning and integration of programs, it is apparent that they must continue to be made as far ahead as necessary so long as the war continues. The end of the war will inevitably find more appropriations on the books than will need to be expended. It was so in World War I and the Committee on Appropriations, under the able direction of former Chairman Sherley, brought about a repeal of more than \$15,000,000,000 in appropriations and contract authorizations and a similar procedure will need to be instituted following the close of this war.

Appropriations, contract authorizations, and recommendations for national defense, fiscal years 1941, 1942, and 1943 (as of Feb. 12, 1942)

	Army	Navy (including Coast Guard)	Other agencies (including lend-lease)	Total
Fiscal year 1941:				
Appropriations enacted.....	\$8,483,708,958	\$3,629,233,790	\$8,338,531,908	\$20,451,474,656
Contract authorizations enacted....	5,006,589,651	871,269,817	389,000,000	6,266,859,468
Subtotal.....	13,490,298,609	4,500,503,607	8,727,531,908	26,718,334,124
Deduct appropriations included above to liquidate contract authorizations ¹	352,093,444	86,647,100	221,500,000	660,240,544
Net total 1941.....	13,138,205,165	4,413,856,507	8,506,031,908	26,058,093,580
Fiscal year 1942:				
Appropriations enacted.....	34,547,178,344	16,724,776,997	8,801,296,887	60,073,252,228
Contract authorizations enacted....	183,145,695	687,818,894	1,441,000,000	2,311,964,583
Supplemental items:				
Appropriations.....	22,888,901,900	-----	7,864,007,195	30,752,909,095
Contract authorizations.....	-----	-----	2,350,000,000	2,350,000,000
Subtotal.....	57,619,225,939	17,412,595,891	20,456,304,082	95,488,125,912
Deduct appropriations included above to liquidate contract authorizations ²	4,276,580,695	615,453,690	354,111,226	5,246,145,611
Net total 1942.....	53,342,645,244	16,797,142,201	20,102,192,856	90,241,980,301
Fiscal year 1943:				
Appropriations recommended in 1943 Budget.....	³ 5,468,091,747	⁴ 14,047,891,674	⁵ 1,303,475,549	20,819,458,970
Contract authorizations recommended in 1943 Budget.....	-----	⁴ 500,000,000	90,000,000	590,000,000
Supplemental items: Appropriations.....	-----	-----	3,860,417	3,860,417
Subtotal.....	5,468,091,747	14,547,891,674	1,397,335,966	21,413,319,387

Appropriations, contract authorizations, and recommendations for national defense fiscal years 1941, 1942, and 1943 (as of Feb. 12, 1942)—Continued

	Army	Navy (including Coast Guard)	Other agencies (including lend-lease)	Total
Fiscal year 1943—Continued.				
Deduct appropriations included above to liquidate contract authorizations.....	³ \$730,365,695	\$825,075,021	\$1,085,177,184	\$2,640,617,900
Net total 1943.....	4,737,726,052	13,722,816,653	312,158,782	18,772,701,487
Net total 1941, 1942, and 1943.....	71,218,576,461	34,933,815,361	28,920,383,546	135,072,775,368
Estimated appropriations required beyond 1943 to complete construction of the expanded Navy.....				6,932,579,245
Total.....				142,005,354,613

¹ Includes liquidations of 1940 and prior contract authorizations, as follows: Army, \$156,921,988; Navy, \$58,087,100; other agencies, Maritime Commission, \$144,500,000.

² Includes liquidation of 1940 contract authorizations for Army of \$12,382,500.

³ Exclusive of \$920,000,000 originally recommended in Budget for 1943 appropriation, now recommended as 1942 appropriation to liquidate 1941 and 1942 contract authorizations.

⁴ 1943 Naval Appropriation Act, Public Law 441.

⁵ Includes items in 1943 Independent Offices Appropriation Act as passed the House.

TITLE I—WAR DEPARTMENT

The estimates upon which this title is based are contained in House Document 615. They call for additional appropriations for the fiscal year 1942 amounting, in the aggregate, to \$22,888,901,900. In that amount is included \$920,000,000 for liquidating prior contractual authority. The estimates contemplate, therefore, new availability of \$21,968,901,000.

The bill herewith presented makes no change in the amounts presented in the estimates. In other words, the bill carries for the Military Establishment appropriations aggregating \$22,888,901,900.

There previously has been appropriated for the Military Establishment for the current fiscal year \$34,547,178,344. This bill would raise such sum to \$57,436,080,244.

The estimates may be segregated into the following three categories:

(1) Equipment program made up of the combined requirements of the augmented United States forces for organizational and field equipment, and the requirements of defense aid.

(2) Other specific items of equipment and supplies required for United States forces as a whole, but which do not pertain to specific units.

(3) Equipment and facilities for expediting production.

The amount in the estimates for defense aid is roundly \$12,150,000,000. The bases for the remainder is the President's address to the Congress on January 6, 1942 (H. Doc. 501). That address should be read and reread by every American. Therein the President reiterated our cause, he stated our duty, he stated our purpose, and he stated the steps it would be necessary to make to realize our determination—"not only to win the war, but also to maintain the security of the peace which will follow."

In that address the President announced the issuance of directives for embarking upon a greatly expanded munitions program, naming specifically, with respect to the Army, airplanes, tanks, and anti-aircraft guns. It meant, of course, increased provision of other defense articles, looking to a balanced whole, and it further meant a progressive building up of using forces. The ultimate matériel and personnel demands obviously are unpredictable. The new immediate personnel objective has been determined upon as approximately 3,600,000, or about double the number for whom provision heretofore has been made in the way of essential items and roundly 600,000 more than the number for whom provision heretofore has been made in the way of critical items. The accompanying measure looks to outfitting and implementing a force of such proportions, of providing combat maintenance therefor, and provides for a reserve of certain types of matériel in the critical category for a somewhat larger force, as well as production facilities adequate to the extent it is now practicable to determine to provide for all foreseeable war needs.

Approximately half of the instant estimates may be said to be the second increment applying to the Army of the President's new program. The first provided for 33,000 additional airplanes for the Army, appropriated for in the Fourth Supplemental National Defense Appropriation Act, 1942, approved January 30, 1942. Neither the estimates nor the accompanying bill make provision for further airplane expansion, nor do they include any funds for pay of additional personnel or for housing additional personnel. Estimates for such purposes are now in course of preparation. Provision is made, however, for additional clothing and equipage, nonperishable rations, barracks equipage, and implementation for the additional personnel to follow.

There follows an allocation of the amounts proposed to appropriation heads:

Expediting production.....	\$3, 011, 512, 000
Subsistence of the Army.....	145, 830, 000
Regular supplies of the Army.....	67, 982, 000
Clothing and equipage.....	928, 928, 000
Army transportation.....	2, 245, 701, 000
Horses, draft, and pack animals.....	2, 725, 900
Signal Service of the Army.....	1, 349, 000, 000
Air Corps, Army.....	167, 440, 000
Medical and Hospital Department.....	171, 178, 000
Engineer Service, Army.....	1, 226, 300, 000
Ordnance service and supplies, Army.....	13, 252, 200, 000
Chemical Warfare Service.....	288, 336, 000
Seacoast defenses.....	31, 769, 000
Total.....	22, 888, 901, 900

It is not deemed appropriate to publish the details of any of the foregoing amounts. In general, they embrace every type of munitions and every type of article for which a soldier has use. The committee was supplied with complete details, and had before it General Moore, the Deputy Chief of Staff, and other officers of the general staff; the Under Secretary of War, Mr. Patterson; General Knudsen, the Director of War Department Production; and the chiefs of the several branches concerned.

Despite the size of the program, to be pyramided, as it will be, upon huge programs presently underway, its accomplishment is considered

to be readily practicable within the space of a few months. Substantial confirmation of this will be found in excerpts printed in the hearings from the letter of the Chairman of the War Production Board, Hon. Donald M. Nelson, to the Secretary of War, dated February 3, 1942.

Never in all history has a nation been faced with war costs of the magnitude that confronts us. The amounts are appalling. Likewise, no nation ever has undertaken such a vast munitions program, or one anywhere nearly comparable, to be accomplished in so short a space of time. Since time is of the essence, the usual peacetime procurement procedure, in large part, of necessity had to be laid aside. Unquestionably, practices have crept in of a most reprehensible character, despite the care and diligence of those having over-all responsibility for the expenditure of funds. However, the committee is convinced that the heads of the procurement branches in the War Department and the Under Secretary of War, who has general charge under the law of Army procurement, are on the alert for improper practices, are doing their utmost to eradicate them, and are exerting every effort to limit profits and to recapture excessive profits. Congressional investigations are no doubt having a salutary effect. What the Department needs from without more than anything else is genuine cooperation in correcting faulty practices and aid in ascertaining the identity of those engaging in improper dealings or conduct.

The responsible officials of the War Department, the committee has every reason to believe, may be relied upon to do the rest. General Marshall is to be commended for the superior caliber of his branch chiefs who are in immediate charge of the procurement program. They are exerting an earnest, intelligent, and patriotic effort to see that the Government gets full value for every dollar expended for war supplies and equipment and are doing a magnificent job in expediting the procurement process.

Expediting production.—The bill, in agreement with the estimates, includes \$3,011,512,000 for expediting production. This amount will be employed in expanding existing plants, establishing some few new ones, and tooling all. For the most part it contemplates enlarged demands and more expeditious delivery than may be expected of facilities presently operating or being created, not as to going programs, or to much of the added production that would grow out of the accompanying measure, but rather future known and unforeseeable requirements to support an all-out effort in many parts of the world.

It may be necessary to spend some part of such sum upon production facilities for use in areas beyond our shores, particularly where that course would prove advantageous through freeing cargo space that otherwise would be needed for transporting bulky finished articles.

Defense aid.—As previously indicated, more than half of the total of the estimates applies to defense articles for transfer to our allies, subject to the procedure enunciated in the Lend-Lease Act of March 11, 1941. The estimate is predicated upon formal requests, duly scrutinized by our own officials charged with such responsibility, and adjusted to production capacity and schedules for our own and the forces of our associates.

As presented to the committee, the provision applying to the transfer of articles to other powers would permit transfer of all or any portion of the defense articles for which the bill makes provision. While the thought is not entertained that such unlimited authority would be availed of, it is felt that the Congress should not relinquish complete control of the disposition of defense articles channeled into the hands of other using forces, and the committee, consequently, has attached to the provision a clause limiting the value of articles that may be transferred to \$11,250,000,000. This amount is roundly \$900,000,000 less than the amount the Department indicated as the value of articles that probably would be transferred under the unlimited transfer provision contained in the Budget submission.

The imposition of a limitation should not be interpreted as unwillingness to render aid to the limit of our capacity, but rather as an indication that the potential demands of our own forces must be carefully safeguarded. The reduction effected brings about approximately a 50-50 arrangement. It should be borne in mind that all of this material will not be produced for some few months, and, in the interim, if greater leeway should become necessary, there will be ample time and opportunity to raise any limiting figure.

Of direct lend-lease appropriations heretofore made (\$12,985,000,000), as of January 31, 1941, \$6,605,000,000 had been allocated to the War Department for procurement of articles produced by or under the cognizance of such Department. This amount may be somewhat augmented before complete allocation has been effected of previously directly appropriated funds. Independently of the foregoing, the War Department has been granted authority to transfer defense articles produced with funds appropriated since March 11, 1941, to the value of \$6,000,000,000, and this bill as presented, would increase such sum by \$11,250,000,000.

Consolidation of appropriations.—The committee has approved the Budget proposal to establish as one fund the several appropriations administered by the Quartermaster Corps and the Corps of Engineers, respectively. This follows the precedent established in the First World War. The purpose is to cut down administrative work by officers attached to operating forces in the field. Accounting will be continued as at present, appropriation and project debits to be effected from vouchers by the accounting officers at the seat of Government.

Such consolidation carries with it authority for intersubappropriation transfers, but not between appropriations of the different War Department branches. Authority for the latter type of transfers to the extent of 5 percent of any appropriation was contained in the Military Appropriation Act, 1942, subject to the restriction that no appropriation would thereby be increased by more than 5 percent. The instant Budget estimates propose that such percentages be increased to 25 percent. The committee feels that the consolidations it has recommended of the appropriations under the cognizance of the Quartermaster Corps and the Corps of Engineers, carrying with it full interchange within each corps, minimize very largely the need or desirability of raising the interchange limit as between the appropriations of the several branches of the War Department.

It has, therefore, increased the existing interchange limitations from 5 to 10 percent. It is felt that this should give ample elasticity as to the more important appropriations, some of which have assumed

very large proportions. As to those, any larger augmentation should be sought through the usual budgetary channels.

Joined with the consolidation proposal touching the appropriations of the Quartermaster Corps was another to remove all limitations. It has been customary to include in such appropriations limitations upon expenditures in a number of directions, mostly of a relatively minor character. The committee has agreed to such course except as to the provisions touching the purchase of oleomargarine or butter substitutes, and other articles of food and of clothing not grown or produced in the United States or its possessions. Neither of such provisions is so restrictive as to warrant its elimination, and certainly no commanding officer would let them stand in the way of caring properly for his troops.

TITLE II—MARITIME COMMISSION

The President of the United States, in his annual message delivered to Congress on January 6 last, outlined the directives he had sent to certain departments and agencies of our Government ordering that immediate steps be taken to procure certain definite quantities of war matériel and equipment in the calendar years 1942 and 1943. The part of the message affecting the Maritime Commission is as follows:

4. To increase our production rate of merchant ships so rapidly that in this year, 1942, we shall build 8,000,000 dead-weight tons as compared with a 1941 production of 1,100,000. We shall continue that increase so that next year, 1943, we shall build 10,000,000 tons.

The program upon which the Maritime Commission was proceeding prior to this directive contemplated the procurement of a total of 1,422 ships with aggregate deadweight tonnage of 14,706,600, at a total cost of \$3,070,000,000. This program scheduled the production and delivery of 6,000,000 dead-weight tons in calendar 1942 and 6,000,000 dead-weight tons in calendar 1943, or a total of 12,000,000 dead-weight tons in the 2 years.

The Budget estimate, which the committee has considered and approved in full, was submitted by the President in House Document No. 614 of this session and requests a total for the Commission of \$3,852,000,000, consisting of the following division between direct appropriation and contract authorization:

Construction:	
Direct appropriation	\$1, 500, 000, 000
Contract authorization	2, 350, 000, 000
	3, 850, 000, 000
Administrative expenses, direct appropriation	2, 000, 000
	3, 852, 000, 000

This new program enlarges the previous program by the addition of 1,476 ships with an aggregate dead-weight tonnage of 16,127,821 and a total cost of \$3,850,000,000.

The total program, as thus augmented by the funds in this bill, represents the production of 2,877 ships, an aggregate dead-weight tonnage of 30,834,421, and a total cost of \$6,704,464,056.

The tonnage to be produced under this program in the calendar year 1942 is 8,000,000 and in the calendar year 1943 a minimum of 10,000,000 dead-weight tons, a total of 18,000,000 dead-weight tons, or an increase of 6,000,000 dead-weight tons in the 2 calendar years over the program contemplated prior to our entry into the war, a 50-percent augmentation.

The Commission is proceeding with three main construction programs—the long-range program, the Liberty (“ugly duckling” type) ship program, and the vessels being constructed under the lend-lease allocations. The augmented program of 1,476 ships recommended in this bill falls in the category of the long-range program and increases the number of ships therein from 916 in the previous schedule to 2,392. The bulk of the additional ships in the enlarged program will be of the emergency cargo type, known as EC2 cargo, or Liberty ships. They are of all steel construction, standardized design, and relatively low speed. The adoption of this type permits procurement of necessary machinery and equipment without interference with the naval programs, produces a ship of durability and utility that can be rapidly constructed on the assembly plan, and provides vessels in the merchant marine, which, after the war, will have a long period of usefulness for normal commercial purposes.

In addition to the 1,476 vessels to be constructed under the funds recommended, provision is made for increasing the number of ship-building yards and the number of ways and to provide for contingencies arising in connection with the execution of the program.

It should be apparent that the United Nations have need for a tremendous merchant tonnage to carry on the war effort throughout the world and to maintain the civilian populations at home. The committee has canvassed with Admiral Land all phases of the problem as they relate to cargo-tonnage needs and is assured that they are continuously being programmed in advance with special reference to military requirements.

The United States has embarked upon the largest production of war materials ever undertaken by any nation. Billions upon billions of dollars and the output of more than half of our factories will be geared to the manufacture of munitions, tanks, guns, and other implements and articles for war use. The theaters in which much of this material will be used are at varying distances from our shores and large numbers of cargo vessels will be needed. Voyage distances determine the number of ships needed for particular routes. Our vast production program of munitions and weapons will be of use only in the proportion in which they can be transported to the places where needed. Unless adequate merchant shipping is available the successful prosecution of the war effort will be seriously impeded. The ship-construction program recommended is vital and unless it is carried forward expeditiously and on schedule a serious bottleneck in the victory effort will occur.

The committee has great confidence in the ability of Admiral Land and his associates to carry this program to a successful effort. They have demonstrated their capacity by the careful planning and execution which has attended the current program. Not all factors essen-

tial to the success of the program are within their control. The committee is disturbed by the fact that strikes still impede maximum production and the allocations of steel to shipbuilding have not been sufficient to meet the requirements. The committee has placed in the hearings (p. 104) a statement showing by months since last July 1941 the requirements for steel for shipbuilding, the allocations given, and the quantity received. This statement shows that in the month of January 1942 the steel received was only 69 percent of the amount allocated and only 70 percent of the requirements. The committee is advised by the Maritime Commission that assurances have been given that this situation will be immediately corrected.

It is worse than unfortunate that even a small number of men whose services are vitally useful in the prosecution of shipbuilding are not at work. The welders' strike on the Pacific coast is described by Admiral Land as "an unhappy situation." Further stoppages, relatively minor in numbers, but critically delaying in character because of the type of operation involved, are occurring. These disputes wear us out fighting each other while the production of war materials languishes and the chief beneficiary is the Axis enemy. It is not fair to the men who are fighting the battles of the country, it is not fair to the people of the Nation, it is not fair to the vast body of loyal workers who are giving their best efforts in industry to produce everything that is needed for the war effort. Irrespective of the merits of either side to the controversies, the war effort is impeded and delayed at a most critical time in our history. Every trained man is urgently needed in the shipyards. While it is water over the dam but for illustrative purposes, the committee ascertained that work stoppages in the calendar year 1941 were equivalent in man-hours to the number which would have produced 10 ships of the Liberty cargo type. We are at war now and failure to build even one ship that might have been built may mean that some vital military supplies reach a critical military point too late to determine a crucial engagement in our favor.

The committee has included in connection with the appropriation recommended a paragraph, similar to that heretofore incorporated in the previous merchant ship program, empowering the President to authorize the Maritime Commission to lease any of the ships procured with these funds to any country whose defense the President deems vital to the defense of the United States. The leasing is mainly accomplished on a short-time or trip basis and title to the ships remains in the United States.

TITLE III—DEFENSE AID (LEND-LEASE)

A Budget estimate of \$5,430,000,000 was submitted in House Document No. 618, in a single lump sum for allocation for the purpose of carrying out the provisions of the Lend-Lease Act of March 11, 1941.

The committee recommends a total of \$5,330,000,000 and in lieu of carrying the amount in a single lump sum has made the appropriation according to the categories established for previous lend-lease appropriations in the Defense Aid Supplemental Appropriation Acts of 1941 and 1942.

The following table shows the Budget estimate and the amounts in the bill broken down by categories:

Category	Estimate	Recommended
3. Trucks and other vehicles	\$129,015,000	\$129,015,000
4. Vessels, ships, etc.	734,420,000	734,420,000
6. Facilities and equipment	111,450,000	111,450,000
7. Agricultural, industrial, and other commodities	3,567,115,000	3,567,115,000
8. Testing, reconditioning, etc., of defense articles	208,000,000	208,000,000
9. Services and expenses	680,000,000	580,000,000
	5,430,000,000	5,330,000,000

The role of lend-lease has somewhat changed since the United States entered the war. Prior to the attack on Pearl Harbor, lend-lease was our aid to those nations that were fighting the Axis Powers in the hope that our defense would be strengthened thereby and war kept from our shores. Lend-lease now has become a potent weapon for assisting those of the United Nations who are in this battle for preservation of their freedom. The lend-lease policy was adopted by the act of March 11, 1941. Its wisdom was challenged then as a policy which would get us into war. It is fortunate now that such policy was adopted by the United States. Our state of preparedness and our ability to render aid to those with whom we are united in the fight has been accelerated by it.

The change from lend-lease prior to December 7, 1941, to lend-lease at present is set out succinctly and clearly in the statement made to the committee by Lend-Lease Administrator Stettinius. The pertinent portion thereof is reprinted here, as follows:

* * * * *

The major point of overriding importance to us as Americans—a point that I want to make unmistakably clear—is that this is a world war that stretches across every ocean and every continent. Every man fighting the Axis wherever he may be—in the central part of China, or the island of Java, in New Britain, at Rangoon, in the Leningrad area, or the Crimea, in Libya or Iran—any man who is manning the guns of ships of the sea and the controls of ships of the air are integral parts of our forces. The lend-lease program is our mechanism for making available the supplies necessary to strengthen these nations, to serve them as though they were our own, to serve our own as well, and thus to bind together into a united whole all the free peoples of the world—fighting or not—who are resisting Axis aggression.

Australia, New Zealand, the Dutch East Indies, China, India, and Burma are America's front line in the Pacific, sustained in part by lend-lease aid. In the next 10 months the Lend-Lease Administration hopes to provide tremendous impetus to the production abroad of military weapons and to the general preparedness of these allies. Trucks, road-building machinery, locomotives, tracks, ties, and so forth, will put their transportation facilities in fighting shape. Radios, receiving sets and sending stations, telephones, wire and electrical equipment, will bolster their communication system for the war effort. Raw materials, tools, generators, machine oil, and countless other types of supplies and equipment will expand their own production of military weapons.

Here are a few examples of what this type of aid can do.

Australia, in spite of sending over a half-million men into her armed forces out of a total population of some 7,000,000 people, has her own plane- and tank- and gun-building program. Our studies, made together with the Australians, revealed that if we provided certain processed steel and a relatively small number of tools and some component parts and other supplies, Australia's output of planes and tanks and guns would be tremendously stepped up, at practically no expense to our own.

Similarly, lend-lease can make a contribution toward solving shortages in critical materials such as rubber. We find that by supplying such items as sulfur and tire molds to tire factories in India, Australia, and South Africa (these factories already exist), we can appreciably increase the tire output of these factories using their own supplies of raw rubber there on the ground. We can thus reduce the number of tires which would otherwise be allocated from the United States. The results are an increase in total Allied production of war matériel, a tremendous saving in shipping space and time-consuming transportation so vital to the united war effort.

Lend-lease activities have and continue to assist our armed forces all over the world. The air-ferrying service across the Atlantic to the Middle East, created last summer and operated with lend-lease funds, has now been extended so that the bombers for our fighting forces, as well as those of our Allies, can be flown by that route to the fighting areas of the southern Pacific. Bases in Scotland and Northern Ireland built with lend-lease funds are now available for our troops in that part of the world.

Then there is lend-lease in reverse. Lend-lease is and can be a two-way thing: We cannot only make available our supplies to the Allied Nations, but the Allied Nations can make their supplies available to us in the same manner. Thus, there is a method available for each of these nations to contribute supplies for the common effort to the fullest measure of their capabilities.

* * * * *

Lend-lease aid is being rendered to some 36 different nations. The funds in the bill are not earmarked according to national bases but are built up according to the necessities and situations of the countries so to be assisted. Aid can be extended to such nations and to such extent as the President may determine. Practically the bulk of the defense articles and services of lend-lease provided with these funds are based upon the requirements of China, Russia, and the United Kingdom. Amounts are included for other nations in accordance with the requirements approved for them.

The amount recommended is predicated upon the needs for lend-lease purposes (other than for military and naval purposes) from March 1 to December 31, 1942. Previous appropriations directly made for lend-lease in the Defense Aid Supplemental Appropriation Act of 1941 and 1942 totaled \$12,985,000,000. Of this sum a total of \$9,114,000,000 has been allocated to the War and Navy Departments. The total of \$5,330,000,000 in this bill is for agencies other than the War and Navy Departments and is supplemental to and in continuance of the aid being furnished by the Department of Agriculture, the Maritime Commission, the Procurement Division, and the Lend-Lease Administration. The lend-lease appropriation of \$5,985,000,000 in the Second Supplemental National Defense Appropriation Act, 1942, approved October 28, 1941, contained funds for allocation to all agencies cooperating in lend-lease including the War and Navy Departments. The amount in that sum for agencies other than War and Navy was approximately \$4,000,000,000 and was based on 5 months' requirements. The \$5,330,000,000 in this bill is comparable with the four billion except that the period of requirements covered is 10 instead of 5 months.

The committee has made a reduction of \$100,000,000 in the amount of the Budget estimate. An item of \$5,000,000 included in category 9 for training foreign flying personnel by the Navy Department is eliminated. Funds in the Naval Appropriation Act, 1943, available for lend-lease purposes up to a total not to exceed \$2,500,000,000, are adequate to provide this training and this bill makes provision to remove any technical obstacle toward that end. The remaining

\$95,000,000 is eliminated from category 9 in the belief that estimates therein for storage, expenses of missions, and an unspecified allocation for reserve provide more leeway than is necessary. While all of the amounts included in the various categories are programmed in terms of quantities of different types of commodities, equipment, facilities, etc., those quantities are of such a problematic nature that no one can predict within a sizable percentage of definiteness the extent to which they will be required. Under the terms of the appropriations, transfers up to 20 percent can be made from one category to another and as much as 30 percent may be added to any single category.

The amount of \$5,330,000,000 is for allocation and administration by the following agencies and in the following amounts:

Category and purpose	Department of Agriculture	Maritime Commission	Procurement Division, Treasury Department	Lend-Lease Administration	Total
3. Commercial vehicles and repair parts			\$129,015,000		\$129,015,000
4. Vessels, etc.—purchase and construction of small craft; charter hire, equipage, and operation of dry cargo ships and tankers; port expenses, stores, provisions, and fuel		\$734,420,000			734,420,000
6. Facilities and equipment	\$10,000,000		76,450,000	\$25,000,000	111,450,000
7. Agricultural, industrial, and other commodities	1,300,000,000		2,267,115,000		3,567,115,000
8. Testing, reconditioning, etc.		148,000,000		60,000,000	208,000,000
9. Services and other expenses				580,000,000	580,000,000
Total	1,310,000,000	882,420,000	2,472,580,000	665,000,000	5,330,000,000

Previous lend-lease appropriations were granted before the United States entered the war. Since that event the need for lend-lease aid has greatly intensified and the difficulty of determining prior to production, which defense articles will be for use by other nations and which will be for our own needs has required simplification. Commencing with the Third Supplemental National Defense Appropriation Act, 1942, approved December 17 last, and continuing in each of the supplemental acts since which have provided funds for the War and Navy Departments, provision has been inserted permitting a definite maximum sum in each of the acts for either Department to be used for lend-lease purposes when the President so authorizes. This procedure will permit the two Departments to furnish completed defense articles such as guns, tanks, aircraft, boats, etc., directly from the funds thus granted without recourse to allocations from lend-lease appropriations as heretofore. This change enables deferring the allocation of defense articles until after production and a determination at that time for their disposition either to other nations or retention for our own forces, in accordance with the needs then existing or predictable. Lend-lease funds, through the other agencies, will continue to bear the responsibility for providing aided nations with essential raw and intermediate materials for the manufacture of military and naval weapons, agricultural, industrial, and other commodities, cargo shipping and ship repairs, facilities, equipment, services, and personnel for production, testing, and servicing of defense articles which lend-lease has provided.

Authority heretofore inserted in appropriation bills permitting the War and Navy Departments to furnish defense articles for lend-lease purposes from funds granted directly to them has been confined to "defense" articles. Question has arisen as to whether this authority as so inserted, is broad enough to include the three categories of the Lend-Lease Act—defense articles, services, and information. In order that there may be no difficulty in the future in connection with the accounting for such funds, the committee has inserted in this bill section 303 which makes it clear that the term "defense article," as used in such authorities in the appropriation acts referred to, shall be deemed to include "defense information and services" and the expenses in connection with the procurement or supplying of defense articles, information, and services.

The change in procedure in the supplying of defense articles and the funds from which they are to be procured in no wise affects the accounting for these articles, the determination of their value, and the nation to which they are charged. That procedure will be continued and all articles furnished to each nation and their cost will be properly recorded.

The lend-lease procedure, now that the country is in the war, needs to be simplified to the greatest extent possible to the end that defense articles and services are furnished in the most competent and expeditious manner. The essential elements are time and effectiveness of the aid furnished and constant effort should be exerted to make the operation smooth and efficacious. This can be done without sacrificing the principle of the Lend-Lease Act for an accounting record of the disposition and cost of the aid.

The following is the status as of February 8 last of the total of \$12,985,000,000 heretofore directly appropriated for lend-lease:

Total allocated.....	\$12, 225, 000, 000
Total obligated.....	7, 925, 000, 000
Total expended (January 31).....	1, 811, 000, 000
Total value of aid rendered.....	2, 001, 000, 000

The monthly ratio of furnishing aid is going up as the increased deliveries of defense articles previously appropriated for progress. The total rose from \$225,000,000 in October to \$462,000,000 in January, or more than double, and the figure will accelerate in future months.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations or legislative provisions not heretofore enacted in connection with any appropriation bill are recommended:

On page 3, in connection with appropriations for the Quartermaster Corps, Army:

: Provided, That all funds heretofore and herein appropriated for the fiscal year 1942, under the titles "Welfare of enlisted men", "Subsistence of the Army", "Regular supplies of the Army", "Clothing and equipage", "Incidental expenses of the Army", "Army transportation", and "Horses, draft and pack animals" shall be disbursed and accounted for as one fund under the appropriation title "Quartermaster Service, Army", and shall remain available until June 30, 1943: Provided further, That said appropriation shall not be subject to any limitations contained in the Military Appropriation Act, 1942, under the appropriation titles named in this paragraph except the first and second provisos under the title "Subsistence of the Army", and the limitations on the unit cost of light and medium passenger-carrying automobiles under the title "Army Transportation".

On page 4, in connection with appropriations for the Engineer Corps, Army:

Provided, That all funds heretofore and herein appropriated for the fiscal year 1942, under the titles "Engineer Service, Army", "Military construction, defense installations", "Construction of buildings, utilities, and appurtenances at military posts", "Barracks, and quarters", and "Construction and repair of hospitals" shall be disbursed and accounted for as one fund under the title "Engineer Service, Army", and shall remain available until June 30, 1943.

On page 5:

SEC. 101. The limitation of 5 per centum upon the amount which may be transferred from one appropriation to another, with the approval of the Director of the Bureau of the Budget, contained in section 3 of the Military Appropriation Act, 1942, is hereby increased to 10 per centum.

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11): Provided, That the total value of articles disposed of under this authority shall not exceed \$11,250,000.

On page 6, in connection with the Maritime Commission:

** * * and the Commission is authorized, in addition to such appropriation of \$1,502,000,000, to enter into contracts for the same purposes (except administrative expenses) in an amount not to exceed \$2,350,000,000 * * *.*

On page 9, in connection with defense aid:

Sec. 303. The term "defense article" as used in section 102 of the Third Supplemental National Defense Appropriation Act, 1942, approved December 17, 1942 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942, approved January 30, 1942 (Public Law 422), in section 301 of the Act of February 7, 1942 (Public Law 441), and in section 102 of this Act shall be deemed to include defense information and services, and the expenses in connection with the procurement or supplying of defense articles, information, and services.

FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1942

Comparative statement of amounts requested in the Budget estimates with the amounts recommended in the accompanying bill

[NOTE.—Appropriations are for fiscal year 1942 unless otherwise indicated]

House Doc. No.	Department or agency	Amount of Budget estimate, fiscal year 1942	Amount recommended in bill, fiscal year 1942	Increase (+) or decrease (—) bill compared with Budget estimates
	TITLE I—WAR DEPARTMENT			
	MILITARY ACTIVITIES			
	OFFICE OF THE SECRETARY OF WAR			
615	Expediting production.....	\$3, 011, 512, 000	\$3, 011, 512, 000	-----
	QUARTERMASTER CORPS			
615	Subsistence of the Army.....	\$145, 830, 000	145, 830, 000	-----
615	Regular supplies of the Army.....	67, 982, 000	67, 982, 000	-----
615	Clothing and equipage.....	928, 928, 000	928, 928, 000	-----
615	Army transportation.....	2, 245, 701, 000	2, 245, 701, 000	-----
615	Horses, draft, and pack animals.....	2, 725, 900	2, 725, 900	-----
	Total, Quartermaster Corps.....	3, 391, 166, 900	3, 391, 166, 900	-----
	SIGNAL CORPS			
615	Signal Service of the Army.....	1, 349, 000, 000	1, 349, 000, 000	-----

615	Air Corps, Army	AIR CORPS	167, 440, 000	167, 440, 000
615	Medical and hospital department	MEDICAL DEPARTMENT	171, 178, 000	171, 178, 000
615	Engineer Service, Army	CORPS OF ENGINEERS	1, 226, 300, 000	1, 226, 300, 000
615	Ordnance service and supplies, Army	ORDNANCE DEPARTMENT	13, 252, 200, 000	13, 252, 200, 000
615	Chemical Warfare Service	CHEMICAL WARFARE SERVICE	288, 336, 000	288, 336, 000
615	Seacoast defenses	SEACOAST DEFENSES	31, 769, 000	31, 769, 000
	Total, title I, War Department, military activities		22, 888, 901, 900	22, 888, 901, 900

¹ \$920,000,000 for liquidating prior contractual authority.

Comparative statement of amounts requested in the Budget estimates with the amounts recommended in the accompanying bill—Continued

House Doc. No.	Department or agency	Amount of Budget estimate, fiscal year 1942	Amount recommended in bill, fiscal year 1942	Increase (+) or decrease (—) bill compared with Budget estimates
	TITLE II—MARITIME COMMISSION			
614	Construction fund, U. S. Maritime Commission	2 \$1, 502, 000, 000	2 \$1, 502, 000, 000	-----
	TITLE III—DEFENSE AID (LEND-LEASE)			
	EXECUTIVE OFFICE OF THE PRESIDENT			
618	Trucks and other vehicles	129, 015, 000	129, 015, 000	-----
618	Vessels, ships, etc.	734, 420, 000	734, 420, 000	-----
618	Facilities and equipment	111, 450, 000	111, 450, 000	-----
618	Agricultural, industrial, and other commodities	3, 567, 115, 000	3, 567, 115, 000	-----
618	Testing, reconditioning, etc., of defense articles	208, 000, 000	208, 000, 000	-----
618	Necessary services and expenses	680, 000, 000	580, 000, 000	—\$100, 000, 000
	Total, title III—Defense aid (Lend-Lease)	5, 430, 000, 000	5, 330, 000, 000	—100, 000, 000
	Grand total, titles I, II, and III	2 29, 820, 901, 900	2 29, 720, 901, 900	—100, 000, 000

² And contractual authority of \$2,350,000,000.

Union Calendar No. 635

77TH CONGRESS
2D SESSION

H. R. 6611

[Report No. 1790]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 1942

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the following sums are appropriated, out of any money
- 4 in the Treasury not otherwise appropriated, for the national
- 5 defense for the fiscal year ending June 30, 1942, and for
- 6 other purposes, namely:

1 TITLE I—WAR DEPARTMENT

2 MILITARY ACTIVITIES

3 For additional amounts for appropriations for the Mili-
4 tary Establishment, fiscal year 1942, to be supplemental to,
5 and merged with, the appropriations under the same heads
6 in the Military Appropriation Act, 1942, including the objects
7 and subject to the limitations and conditions specified under
8 the said heads respectively in that Act, except as otherwise
9 provided herein, and such appropriations, together with ap-
10 propriations supplemental thereto heretofore and herein made
11 shall remain available until June 30, 1943, as follows:

12 OFFICE OF THE SECRETARY OF WAR

13 Expediting production: For expediting production of
14 equipment and supplies for national defense, including the
15 proviso clause under this head in the Fourth Supplemental
16 National Defense Appropriation Act, 1942. \$3,011,512,000.

17 QUARTERMASTER CORPS

18 QUARTERMASTER SERVICE, ARMY

19 Subsistence of the Army: For subsistence of the Army,
20 \$145,830,000;

21 Regular supplies of the Army: For regular supplies of
22 the Army, \$67,982,000;

23 Clothing and equipage: For clothing and equipage,
24 \$928,928,000;

25 Army transportation: For Army transportation, \$2,245,-

1 701,000: *Provided*, That the provisions of section 302 (c) of
 2 the Treasury and Post Office Departments Appropriation
 3 Act, 1942, shall not apply to vehicles used or to be procured
 4 by the War Department for military activities;

5 Horses, draft and pack animals: For horses, draft and
 6 pack animals, \$2,725,900;

7 In all, \$3,391,166,900: *Provided*, That all funds here-
 8 tofore and herein appropriated for the fiscal year 1942, under
 9 the titles "Welfare of enlisted men", "Subsistence of the
 10 Army", "Regular supplies of the Army", "Clothing and
 11 equipage", "Incidental expenses of the Army", "Army trans-
 12 portation", and "Horses, draft and pack animals" shall be
 13 disbursed and accounted for as one fund under the appropria-
 14 tion title "Quartermaster Service, Army", and shall remain
 15 available until June 30, 1943: *Provided further*, That said
 16 appropriation shall not be subject to any limitations contained
 17 in the Military Appropriation Act, 1942, under the appropria-
 18 tion titles named in this paragraph except the first and
 19 second provisos under the title "Subsistence of the Army",
 20 and the limitations on the unit cost of light and medium
 21 passenger-carrying automobiles under the title "Army Trans-
 22 portation".

23 SIGNAL CORPS

24 Signal Service of the Army: For Signal Service of the
 25 Army, \$1,349,000,000.

1 AIR CORPS

2 Air Corps, Army: For Air Corps, Army, \$167,440,000.

3 MEDICAL DEPARTMENT, ARMY

4 Medical and Hospital Department: For Medical and
5 Hospital Department, Army, \$171,178,000.

6 CORPS OF ENGINEERS

7 Engineer Service, Army: For Engineer Service, Army,
8 \$1,226,300,000: *Provided*, That all funds heretofore and
9 herein appropriated for the fiscal year 1942, under the titles
10 "Engineer Service, Army", "Military construction, defense
11 installations", "Construction of buildings, utilities, and appur-
12 tenances at military posts", "Barracks and quarters", and
13 "Construction and repair of hospitals" shall be disbursed and
14 accounted for as one fund under the title "Engineer Service,
15 Army", and shall remain available until June 30, 1943.

16 ORDNANCE DEPARTMENT

17 Ordnance service and supplies, Army: For Ordnance
18 service and supplies, Army, \$13,252,200,000, of which not
19 to exceed \$920,000,000 shall be available for payments under
20 contracts for the production or procurement of ordnance
21 matériel, machinery, and supplies under authorizations under
22 this head contained in appropriation Acts for the fiscal years
23 1941 and 1942.

24 CHEMICAL WARFARE SERVICE

25 Chemical Warfare Service: For Chemical Warfare Serv-
26 ice, Army, \$288,336,000.

SEACOAST DEFENSES

Seacoast defenses: For seacoast defenses, \$31,769,000.

GENERAL PROVISIONS

SEC. 101. The limitation of 5 per centum upon the amount which may be transferred from one appropriation to another, with the approval of the Director of the Bureau of the Budget, contained in section 3 of the Military Appropriation Act, 1942, is hereby increased to 10 per centum.

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11): *Provided*, That the total value of articles disposed of under this authority shall not exceed \$11,250,000,000.

SEC. 103. This title may be cited as "Title V, Military Appropriation Act, 1942".

TITLE II—UNITED STATES MARITIME

COMMISSION

SEC. 201. Construction fund, United States Maritime Commission: For an additional amount to increase the construction fund established by the "Merchant Marine Act", as

1 supplemented by title III of the "First Supplemental Na-
2 tional Defense Appropriation Act, 1942", for the construction
3 of vessels, production and procurement of parts, equipment,
4 material, and supplies for such vessels, and the establishment,
5 acquisition, construction, enlargement, or extension of plants
6 or facilities, \$1,502,000,000, of which not to exceed \$2,000,-
7 000 shall be available for administrative expenses, and the
8 Commission is authorized, in addition to such appropriation
9 of \$1,502,000,000, to enter into contracts for the same pur-
10 poses (except administrative expenses) in an amount not
11 to exceed \$2,350,000,000: *Provided*, That whenever the
12 President deems it to be in the interest of national defense
13 he may authorize the Commission to lease vessels herein
14 authorized to be constructed to the government of any
15 country whose defense the President deems vital to the
16 defense of the United States, in accordance with the provi-
17 sions of the Act of March 11, 1941 (Public Law 11): *Pro-*
18 *vided further*, That the provisions of sections 2 and 4, and the
19 several proviso clauses contained in section 1 of the Act of
20 February 6, 1941, shall apply to all the activities and func-
21 tions which the Commission is hereby authorized to perform.

22 TITLE III—DEFENSE AID

23 SEC. 301. To enable the President, through such depart-
24 ments or agencies of the Government as he may designate,
25 further to carry out the provisions of an Act to promote the

1 defense of the United States, approved March 11, 1941, and
2 for each and every purpose incident to or necessary therefor,
3 the following sums for the following respective purposes,
4 namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles, information and services, for the govern-
7 ment of any country whose defense the President deems vital
8 to the defense of the United States, and the disposition
9 thereof, including all necessary expenses in connection there-
10 with, as follows:

11 (3) Automobiles, trucks and other automotive vehicles,
12 spare parts, and accessories, \$129,015,000.

13 (4) Vessels, ships, boats, and other watercraft, including
14 the hire or other temporary use thereof, and equipage, sup-
15 plies, materials, spare parts, and accessories, \$734,420,000.

16 (6) Facilities and equipment for the manufacture, pro-
17 duction, or operation of defense articles and for otherwise
18 carrying out the purposes of the Act of March 11, 1941,
19 including the acquisition of land, and the maintenance and
20 operation of such facilities and equipment, \$111,450,000.

21 (7) Agricultural, industrial, and other commodities and
22 articles, \$3,567,115,000.

23 (b) For testing, inspecting, proving, repairing, outfit-
24 ting, reconditioning, or otherwise placing in good working
25 order any defense articles for the government of any country

1 whose defense the President deems vital to the defense of
2 the United States, including services and expenses in con-
3 nection therewith, \$208,000,000.

4 (c) For necessary services and expenses for carrying
5 out the purposes of the Act of March 11, 1941, not specified
6 or included in the foregoing, \$580,000,000.

7 (d) In all, \$5,330,000,000, to remain available until
8 June 30, 1943.

9 (e) Each of the foregoing appropriations shall be addi-
10 tional to, and consolidated with, the appropriations for the
11 same purpose contained in the same respective categories of
12 appropriation in the Defense Aid Supplemental Appropriation
13 Act, 1941, and the Defense Aid Supplemental Appropriation
14 Act, 1942: *Provided*, That with the exception of the appro-
15 priation for administrative expenses, not to exceed 20 per
16 centum of any such consolidated appropriations may be trans-
17 ferred by the President to any other of such consolidated
18 appropriations, but no such consolidated appropriation shall
19 be increased more than 30 per centum thereby.

20 SEC. 302. Any defense article procured pursuant to this
21 title shall be retained by or transferred to and for the use
22 of such department or agency of the United States as the
23 President may determine, in lieu of being disposed of to a
24 foreign government, whenever in the judgment of the Presi-

1 dent the defense of the United States will be best served
2 thereby.

3 SEC. 303. The term "defense article" as used in section
4 102 of the Third Supplemental National Defense Approp-
5 riation Act, 1942, approved December 17, 1942 (Public
6 Law 353), in section 102 of the Fourth Supplemental Na-
7 tional Defense Appropriation Act, 1942, approved January
8 30, 1942 (Public Law 422), in section 301 of the Act of
9 February 7, 1942 (Public Law 441), and in section 102
10 of this Act shall be deemed to include defense information
11 and services, and the expenses in connection with the pro-
12 curement or supplying of defense articles, information, and
13 services.

14 SEC. 304. This title may be cited as the "Second De-
15 fense Aid Supplemental Appropriation Act, 1942".

16 TITLE IV—GENERAL PROVISIONS

17 SEC. 401. No part of any appropriation contained in
18 this Act shall be used to pay the salary or wages of any
19 person who advocates, or who is a member of an organization
20 that advocates, the overthrow of the Government of the
21 United States by force or violence: *Provided*, That for the
22 purposes hereof an affidavit shall be considered prima facie
23 evidence that the person making the affidavit does not ad-
24 vocate, and is not a member of an organization that advo-

77TH CONGRESS
2^D Session

H. R. 6611

[Report No. 1790]

A BILL

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

By Mr. CANNON of Missouri

FEBRUARY 17, 1942

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

It is the purpose of the bill to pay the sum of \$4,000 to Louis M. McDougal, in settlement of his claim against the United States because of the alleged contraction of pulmonary tuberculosis while an enrollee and truck trail foreman in a Civilian Conservation Corps camp by reason of which he is now permanently and totally disabled.

The act of February 15, 1934, provided payments to enrollees of the Civilian Conservation Corps for disability or death only in cases where such disability or death resulted from a traumatic injury and did not authorize the payment of compensation benefits for diseases in any form except where the diseases were the natural result of a traumatic injury.

Approval of the bill would, therefore, establish a discriminatory and undesirable precedent.

I regret, therefore, that I do not feel that I would be justified in giving the bill my approval.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 17, 1942.

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the bill and message referred to the Committee on Claims, and ordered to be printed.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—COPPEL COAL CO. (H. DOC. NO. 628)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and with the accompanying papers, referred to the Committee on Claims and ordered to be printed.

To the House of Representatives:

I return herewith, without my approval, H. R. 1914, Seventy-seventh Congress, second session, entitled "An act for the relief of the Coppel Coal Co."

The bill authorizes and directs the Secretary of the Treasury to pay to the Coppel Coal Co., Chillicothe, Ohio, the sum of \$72 in full settlement of all claims against the United States arising out of the delivery of soil pipe to the Department of Agriculture under purchase order No. 6256-9-1a-O, dated February 8, 1939, said purchase order having been based upon an alleged erroneous bid.

It appears that the Coppel Coal Co. has been paid for the 200 lineal feet of soil pipe delivered to the Department of Agriculture under the said purchase order at the rate of 4 cents per lineal foot, a total of \$8, pursuant to the terms of a bid which it twice had an opportunity to correct, but which it verified and confirmed prior to the Government's acceptance thereof. The sum of \$72 sought to be paid the claimant by the bill represents the difference between the amount heretofore paid and the amount which the claimant now alleges it intended to bid—40 cents per lineal foot, or a total of \$80.

Irrespective of the fact the apparent error in the claimant's bid was called to its attention, its quotation of 4 cents per lineal foot for the pipe was confirmed and verified. The subsequent acceptance of the bid by the Government consequently created a binding contract and the Government is under no legal obli-

gation to pay any amount in excess of said contract price. While it now appears, under the circumstances, that some relief to the claimant might be proper from an equitable standpoint, the facts are such that I cannot give approval to the relief provided in the bill.

Disregarding the aforesaid bid of the Coppel Coal Co., the lowest comparative bid received by the Government for the pipe in question was in the amount of \$56, for which price the Government would have been able to purchase the pipe but for the error in the bid submitted by the Coppel Coal Co. The granting of relief to the extent contemplated by the bill therefore would result in an expenditure of public funds in excess of the amount for which the pipe could have been purchased but for the claimant's error. Since the error was due solely to the claimant's negligence, there appears no proper basis now to pay the claimant the total amount sought, with the resultant increased cost to the Government, particularly when such amount would include a profit to the claimant.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 17, 1942.

FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1942

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes (Rept. No. 1790), which was referred to the House Calendar and ordered to be printed.

Mr. TABER reserved all points of order on the bill.

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes; and pending that I would like to reach some agreement with the gentleman from New York [Mr. TABER] as to time for general debate. We should like to complete the bill today. I trust it will not be necessary to take much time for general debate. What is the suggestion of the gentleman from New York?

Mr. TABER. I think we certainly ought to have an opportunity to explain the bill thoroughly to the House. I would suggest that we have 3½ hours of general debate and that it be confined to the bill. I believe the reading of the bill should not take too long if we can get into the Committee soon.

Mr. CANNON of Missouri. The gentleman from New York will not insist on the consumption of the entire amount of 3½ hours, but would be willing to make it not more than that?

Mr. TABER. Not to exceed 3½ hours, yes; so that if we could get by with less I would be willing to, but I have commitments for pretty nearly all my share.

Mr. CANNON of Missouri. Then, Mr. Speaker, pending the motion to go into the Committee of the Whole I ask unanimous consent that general debate be

confined to the bill, that it not exceed 3½ hours, and that it be equally divided and controlled by the gentleman from New York and myself.

Mr. RICH. Mr. Speaker, reserving the right to object, and I will not, it seems to me the chairman of the committee should have more Members present for the consideration of a large bill, one carrying something more than \$30,000,000,000. About 100 Members are on the floor. I think more should be here, and make this suggestion to the chairman of the committee.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, with Mr. GORE in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. CANNON of Missouri. Mr. Chairman, I yield myself such time as I may use.

The CHAIRMAN. The gentleman from Missouri is recognized.

Mr. CANNON of Missouri. Mr. Chairman, this is the fifth of the supplemental defense bills. As will be recalled the first was reported last August and provided principally for ordnance and construction. The second came in October and provided exclusively for lease-lend. The third, passed in December, provided for munitions to equip the expansion of the Army beginning at that time. The fourth and fifth come as a direct response to the annual message of the President of the United States of January 6 last. The fourth reported in January provided for Army aircraft. The fifth, the pending bill, submitted today, provides for requisites other than aircraft. It carries appropriations for practically every kind of munition of war and every article of defense except airplanes.

As originally estimated, the bill called for a total of \$32,170,901,900. We are reporting it to the House, with a minor deduction of \$100,000,000 in the final amount of \$32,070,901,900, consisting of \$29,820,901,900 of direct appropriation and \$2,250,000,000 in contract authorization.

A pretty clear idea of the situation and the progress of the defense program can be secured from the table which the members of the committee will find on page 5 of the report giving the total appropriations and contractual authorizations for the fiscal years 1941, 1942, and 1943, totaling in round figures \$142,000,000,000.

The bill consists of three divisions: One for the War Department, which is the largest title in the bill, approximately \$23,000,000,000; one for the Maritime Commission, \$3,852,000,000; and

one for defense aid, that is for lend-lease, \$5,330,000,000.

The purpose for which it is proposed to disburse the \$23,000,000,000 for the War Department is given in an inventory on page 5 of the report, which lists the expenditures by categories as submitted by the departments to the committee.

The second title provides for the Maritime Commission. One of the bottle-necks in our program is transportation. There is danger that we may lack sufficient bottoms to transport the vast flood of material our factories are turning out, and, of course, it is useless to manufacture supplies if we have no way of delivering them to point of consumption. So, in accordance with the President's program, the bill carries an appropriation to permit the Maritime Commission to increase the production rate of merchant ships. As will be noted, we propose to increase the present program by 1,476 ships with an aggregate deadweight tonnage of 16,000,000 tons, at a total cost of \$3,850,000,000. It is one of the most essential items in the bill.

In the third title of the bill \$5,330,000,000 is appropriated for defense aid to be disbursed under the provisions of the Lend-Lease Act of March 11, 1941. Prior to the entry of the United States into the war we supplied lend-lease funds for the support of those nations whose defense might be considered as contributing to our own defense. This situation has been drastically changed since Pearl Harbor. We are now active participants in a war that stretches, according to Admiral Land, across every ocean and every continent.

Our own forces no longer are limited to the American Army. Every Chinaman, every Englishman, every Dutchman, wherever he may be fighting today, whether it be in Mongolia, Australia, Russia, Africa, or the East Indies is as much a part of our force as any man who has enlisted from continental United States. The materials and armament required to win the war go into a common pool from which is allocated the supplies most needed at any specific time or place. It is immaterial to the United States who wins these battles, and with what material they are won, just so they are won, and if by contributing arms and subsistence to the forces of our Allies we can win a battle, that material is just as well expended as if allotted to a detachment every member of which is an American soldier.

Mr. RICH. Will the gentleman yield?

Mr. CANNON of Missouri. Presently, if the gentleman will permit me to complete my statement.

Mr. CANNON of Missouri. Mr. Chairman, the situation today is more grave than it has been since we entered the war. There has never been a day since Valley Forge in which the American people have faced so gloomy a prospect. We have been invaded and the enemy is holding American territory. We are facing two of the greatest military powers the world has ever seen, each of whom is equipped with the most modern weapons of warfare and flushed with extraordinary success. Our immediate

foe in the Orient has, in 10 brief weeks, with lightning thrusts and unexpected power, all but destroyed three colonial empires—the Philippines, the British, and the Dutch—in record time. It is a situation in which anything may happen, and it now becomes evident that upon America depends the hope of retrieving these disasters and winning this war. And America can win only through production. The Axis Powers are inured to war. They have lived by the sword. They are veterans in military routine and have a start of 8 to 10 years in the production of arms. We are late. American manhood has been trained in the arts of peace. But we are masters of production, and there lies our genius and our hope of victory.

We must produce. We must produce airplanes in volumes that will darken the sun, we must unleash tidal waves of tanks and ships that will overwhelm and crush the enemy in every theater of war. And we can do it if Providence will but give us time. We must build and build and build and build, and we must build quickly. It will require the undivided loyalty of every man, woman, and child. It will demand the united cooperation and support of every trade and industry.

Happily, we are securing this cooperation, although there have been some tragic delays.

For example, supplies of raw material have not been available in sufficient quantities. Admiral Land testifies that in the production of ships, on which we must depend for critical transportation, he has received in recent months only 69 percent of the amount required. In the month of January, when his requirements were 220,000 tons, he received only 154,000 tons. However, he tells us he now has the promise and assurance that, beginning with February, he will receive the full quota required.

And there have been delays in labor's quota. Admiral Land told us that stoppages in work in the calendar year 1941 were equal in total hours to the production of 10 desperately needed ships. We have strikes of welders and cranemen whose services are requisite for shipbuilding. This materially delays the program.

I am happy to say that this interruption, like the interruption of material, is being smoothed out. As a matter of fact, these strikes do not represent the labor program of today. They have not taken place with the approval or the consent of national labor leaders. They are largely jurisdictional strikes which are being adjusted by the crafts themselves and we expect shortly to be able to so correlate material and labor as to begin production of all war materials according to schedules and in record time.

While it is not generally realized, we are now producing needed war material at an unexampled rate. The number of airplanes turned out during the month of January was exceptionally satisfactory. The naval shipbuilding program is far ahead of schedule. The great battleship *Alabama*, which has just been launched, is 9 months ahead of schedule. We are already accomplishing miracles of production. Each day a new ship is launched. Each day a new factory goes

into production. Each day the sun rises on a network of plants stretching across the continent moving at accelerated speed. Entire industries which last year produced the largest number of cars and the largest number of refrigerators and other mechanism for civilian consumption have been changed overnight to a war basis and with every passing hour are turning out a greater volume of the mechanisms of war.

But the time is short. It is not the material we will produce in 1943, or even the planes and tanks we will produce in December of this year, that is of first importance and concern to us now. The crisis is coming in the spring of 1942. On the Pacific Japan is consolidating her victories. In the European theater and in North Africa the Axis Powers are preparing for the great "putsch," for the supreme drive, which will come with the opening of spring. Unless we produce materials by that time sufficient to hold the front it will be too late.

For that reason, we appeal today to all American factors of production for a devotion and an efficiency which American industry, as notable as its past accomplishments in the field of civilian production have been, has never yet attained.

And we appeal for cooperation here in the House. We cannot expect cooperation in field and factory unless we have cooperation on this floor. I am certain we will have that cooperation. I am certain this bill will pass without amendment and by the unanimous vote of every Member present.

And by the same rule, may we ask for the cooperation of every avenue of publicity—newspaper and radio.

Criticism has its legitimate place. We invite it. We invite legitimate criticism, constructive criticism, patriotic criticism, criticism based on fact, criticism with some slight attention to perspective and proportion, criticism which does not concentrate on one so-called dancer—and not in the bill—and completely ignores \$100,000,000, which is in the bill, for the protection of the people against poison gas and incendiary bombs which in other lands have enveloped entire cities in oceans of flame and devastation; criticism which does not plant in the minds of the people the unwarranted seeds of distrust and suspicion, discontent, and disunity.

No army can fight successfully without a united nation behind it. The gravity of the national situation in this crisis warrants the wholehearted support of the program presented in this bill by the Congress, the press, and the American people.

For the program is not initiated in this committee, it is not the product of any one man or group of men or of any one department or branch of the service. It is the collective collaboration of the most experienced and expert technicians of our day, both civil and military. The highest ranking officers, the most experienced and best-trained men in the Army and the Navy, together with the ablest captains of industry, master mechanics, leaders of labor, directors of production, governors of finance, drawn

from American business and industry have labored for weeks and months to formulate the program of which this bill is an integral part.

They have been moved by no political considerations. Their only motives and objectives have been sound military, business, and strategic considerations. Every provision in the bill has been repeatedly revised. Every item has been progressively culled and trimmed. Many important items originally in the bill have been omitted altogether. And the estimates and amounts finally submitted for your action have been weeded out and scaled down to the irreducible minimum which in their composite opinion will be required to effect the purpose for which the bill is drawn.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. RICH. Does the gentleman believe that justifiable criticism is necessary on appropriations that one might believe are not being used to the best advantage?

Mr. CANNON of Missouri. Unquestionably. Our form of government could not survive without it. But such criticism should be made as sensibly as it is entertained. It should have some regard for comparative values and not spend an hour's debate or a column of comment on one inconsequential item in a bill of a thousand items of critical importance.

Mr. RICH. Anything that is believed to be waste and extravagance should be eliminated?

Mr. CANNON of Missouri. By all means. But the leaders in every line of American business, industry, and finance do not think there is a single wasted dollar in the entire bill.

Mr. RICH. The gentleman a few moments ago stated that in this bill under title III there are lease-lend appropriations in the amount of \$5,330,000,000. The gentleman also is cognizant of the fact that in title II there is provided for lease-lend, if the President wishes to use it, the amount of \$3,852,000,000.

Mr. CANNON of Missouri. Yes; they asked us for an amount in excess of \$12,000,000,000 but we limited it to \$11,250,000,000.

Mr. RICH. The amount now carried in the bill is \$9,185,000,000 under the lend-lease.

Mr. CANNON of Missouri. The gentleman's estimate is short about \$7,000,000,000. Under the provisions of the bill there is a possibility of spending \$16,580,000,000.

Mr. RICH. In other words, if the President so chooses he can give away \$16,000,000,000 under this bill and the total of the bill, including the authorization, is \$32,070,000,000.

Mr. CANNON of Missouri. No; he does not give it away. The law provides that he shall make the agreements governing its disposition. It will be placed where it will best serve in winning the war and protecting the freedom of the United States and the agreements will determine the obligation to us in return.

Mr. RICH. Does the gentleman mean to say he cannot give it away to some other nation if he chooses?

Mr. CANNON of Missouri. It must be administered under the Lend Lease Act.

Mr. RICH. I appreciate that, but under all the bills where we have made appropriations there is no stipulation by any nation that has received anything under the Lend Lease Act that they must make any return to our country.

Mr. CANNON of Missouri. Yes; the law says that the benefits shall be those that the President determines, and they may be tangible and intangible. I have a letter here from Assistant Secretary of State Acheson in which he outlines in the present situation with respect to agreements with these countries. We are now dealing with 36 nations to which lend-lease applies. Of course, the bulk of it goes to the United Kingdom, Russia, and China.

Mr. Chairman, I ask unanimous consent to include this letter in my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

(The matter referred to follows:)

DEPARTMENT OF STATE,
Washington, February 17, 1942.

The Honorable CLARENCE CANNON,
Chairman, House Committee on Appropriations, House of Representatives.

MY DEAR MR. CANNON: In accordance with your request, I am attaching a memorandum regarding the status of lend-lease agreements.

In this connection I wish to point out that the President has found that it would not at this time be compatible with the public interest to disclose the terms of the lend-lease agreements which have been executed and has, pursuant to the authority of Section 5 (b) of the Lend-Lease Act, authorized and directed the Secretary of State to withhold publication of those agreements.

I wish also to tell you how much I appreciate your helpful cooperation.

Sincerely yours,

DEAN ACHESON,
Assistant Secretary.

[Enclosure: Memorandum.]

STATUS OF LEND-LEASE AGREEMENTS

The general terms and conditions upon which lend-lease aid is rendered are embodied in lend-lease agreements. These agreements confirm or are supplemented by undertakings which must be assumed by each foreign government before any lend-lease aid is transferred to it. Thus, governments receiving aid have agreed not to permit the use of any lend-lease material or information by anyone not an officer, employee, or agent of the transferee government without our consent. They have also undertaken to protect citizens of the United States who have patent rights in and to any articles or information transferred under the Lend-Lease Act.

Lend-lease agreements are generally negotiated by the Department of State with the advice of the Board of Economic Warfare and the Office of Lend-Lease Administration. Moreover, where appropriate, other interested agencies, such as the War and Navy Departments, are consulted.

Substantial progress has been made in the negotiation and completion of lend-lease agreements and arrangements. Agreements with 12 countries have been concluded and signed. Those countries are: Bolivia, Brazil, Costa Rica, Cuba, Dominican Republic, El Salvador, Haiti, Iceland, Netherlands, Nicaragua, Paraguay, and Uruguay.

Eight of these twelve agreements have been concluded since the hearings on the second supplemental national defense appropriation bill for 1942.

The terms of lend-lease agreements depend upon the relevant political, economic, and military factors involved. All of the agreements with the other American republics provide that the country receiving defense aid shall pay some proportion of the cost of the defense articles transferred. As the third lend-lease report to the Congress indicates, the agreement with the Netherlands provides for full cash reimbursement by the Netherlands. The agreement with Iceland enables Iceland to procure its vital requirements within this country through lend-lease on a cash reimbursement basis. Supplementary arrangements were made in order to furnish Iceland the necessary dollar exchange and to supply the British with foodstuffs available in Iceland. Under these arrangements the United States will buy some of Iceland's products for dollars. The dollar exchange representing the purchase price will be credited to Iceland's dollar balance in the United States and will be used by Iceland to pay for its purchases here. The products of Iceland which are purchased by the United States will be transferred to the British as defense aid. As a result of the lend-lease agreement and the supplementary arrangements, we shall fulfill our pledge to supply Iceland with its vital necessities and we shall also conserve essential shipping space by supplying the British from a source near her shores.

By an exchange of notes between the President and Mr. Stalin, terms and conditions for supplying up to \$1,000,000,000 of lend-lease aid to the Soviet Government were fixed. The Soviet Government agreed to reimburse the United States in dollars or in materials over a 10-year period, beginning 5 years after the war is over. Moreover, the Soviet Government agreed to expedite the sales of raw materials vital to our defense.

There are under active negotiation lend-lease agreements, several of which will soon be signed, with 11 countries. These countries are: Chile, China, Colombia, Ecuador, Great Britain, Guatemala, Honduras, Mexico, Norway, Peru, and Venezuela.

Gratifying progress has been made in our negotiations of a British lend-lease agreement. Negotiations have been pushed forward with energy and mutual understanding. It is expected that the execution of a lend-lease agreement with the British will soon take place.

In addition, the following have submitted representations concerning retransfers and patent protection in accordance with the provisions of section 4 and section 7 of the Lend-Lease Act, respectively: Belgium, Czechoslovakia, Free French, Greece, Poland, Turkey, and Yugoslavia.

Aid which has been rendered to the foregoing has been by retransfer from the British.

Mr. CANNON of Missouri. As he points out in the letter, substantial progress has been made in negotiating lend-lease agreements and satisfactory arrangements have been concluded and signed with 12 countries. Negotiations are now in progress with all other nations receiving lend-lease funds.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. Inasmuch as there is a complete partnership now and a joint effort under way, is not lend-lease rather a fiction, and is not lend-lease limited to a very few supplies that may be needed

by another party? So far as lend-lease goes now, we go in as a partner, do we not, and there is nothing in this bill referring to lend-lease?

Mr. CANNON of Missouri. There is a provision here for lend-lease, but money so used in the equipment of our allies to fight our battles, and will be used just as much in our interest as if they had been expended by American soldiers.

Mr. GIFFORD. I understand that, but the public at large must not be fooled by thinking that the lend-lease is continued under any such proportions as it has been, because being a joint effort we supply tremendous quantities of what would have been before simply lend-lease supplies.

Mr. CANNON of Missouri. Prior to Pearl Harbor, we supplied only those nations whose defense, in the opinion of the President, was connected with the defense of the United States. From this time on a victory by any of our allies is our victory and a defeat of any of our allies is a defeat for us and the difference between defeat and victory may be the amount of material with which we can supply them.

Mr. GIFFORD. But we do not supply it directly to them with any prospect of repayment if it can be so manipulated that it will be a part of a joint effort. Do not let us attempt to fool the public by having them believe that this is coming back to us.

Mr. CANNON of Missouri. All of it is administered under the lend-lease law.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I would like to conclude my remarks if the gentleman will permit, but I will yield for a question.

Mr. ROBSION of Kentucky. I would like the gentleman to yield for just two or three brief questions, if he will.

Mr. CANNON of Missouri. I shall be glad to yield to the gentleman.

Mr. ROBSION of Kentucky. The gentleman, I wish to say, is always very kind to yield and always very frank.

Mr. CANNON of Missouri. And I am always glad to yield to my good friend from Kentucky, with whom I am glad to have much in common.

Mr. ROBSION of Kentucky. Now, under title III, on page 10 of the report, there is a table showing in detail a total of \$5,330,000,000, which is under lend-lease.

Mr. CANNON of Missouri. That is right, and it is distributed according to the inventories outlined on page 11 of the report. This shows the specific categories for which the money is to be expended and the amount to be expended for each of them.

Mr. ROBSION of Kentucky. Under title II, what amount there is available to lease-lend?

Mr. CANNON of Missouri. Nothing under lease-lend, that is all for the production of merchant ships; of course, they could lease these ships to any of our Allies.

Mr. ROBSION of Kentucky. What I want to get clear is this. The gentleman said that there was about \$16,000,000,000 in this bill that could be used

under the lease-lend purposes for Allies. Is that correct?

Mr. CANNON of Missouri. That is correct.

Mr. ROBSION of Kentucky. Then I wish the gentleman would tell me what the \$5,330,000,000 means in respect to the \$16,000,000,000.

Mr. CANNON of Missouri. If the gentleman will look on page 5 of the bill, section 102, in the middle of the page, he will see that the President is authorized to empower the Secretary of War to transfer defense articles for lend-lease purposes up to a value not exceeding \$11,250,000,000.

Mr. ROBSION of Kentucky. And that limitation is \$11,250,000,000?

Mr. CANNON of Missouri. Precisely.

Mr. ROBSION of Kentucky. What got me confused was that my friend the gentleman from Massachusetts [Mr. GIFFORD] speaks of an item of \$3,000,000,000, making \$9,000,000,000, and the gentleman said \$16,000,000,000; so that it is \$11,250,000,000 under title I and \$5,330,000,000 under title III.

Mr. CANNON of Missouri. Yes. It makes a total of \$16,580,000,000.

Mr. ROBSION of Kentucky. And the total for appropriations, and contractual authority that Congress has voted amounts in round figures to \$142,000,000,000?

Mr. CANNON of Missouri. Yes. That figure runs over a period of years starting back in 1940.

Mr. ROBSION of Kentucky. Up to June 30, 1943.

Mr. CANNON of Missouri. The period runs from July 1, 1940, to June 30, 1943.

Mr. ROBSION of Kentucky. Of course, the gentleman from Massachusetts [Mr. GIFFORD] and the distinguished chairman of this committee, and every Member of this House wants to spend every dollar that is necessary, and to give every power that is necessary to win this war.

Mr. CANNON of Missouri. And no power and no money that is not necessary to win the war.

Mr. ROBSION of Kentucky. No power that is not necessary, and also not to spend unnecessary money, not to waste the people's money.

Mr. CANNON of Missouri. The gentleman and I are in complete accord on that point.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Chairman, I was interested in the gentleman's statement relative to the appalling amount of wasted time, due to strikes in defense industries, and I am wondering if the gentleman's committee has now reached the point where it would be willing to offer an amendment or to have an amendment adopted, such as those frequently offered in the past, that would have some deterrent effect on these strikes in defense industries, by putting certain limitations on these appropriations.

Mr. CANNON of Missouri. As a limitation it might be in order, but it could

not be an effective piece of legislation if enacted as a limitation on an appropriation bill.

Mr. SMITH of Virginia. That is what I am talking about.

Mr. CANNON of Missouri. But it would not be an effective piece of legislation.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. Yes. I yield again to my friend from Massachusetts.

Mr. GIFFORD. The gentleman now realizes that this lease-lend proposition is of interest to us. We must get the truth about it. I understood \$1,600,000,000 has been allocated for this purpose, probably spent, allocated anyway, but in the future under the partnership that we are now in, there is no such thing any further as a lease-lend proposition in fact, is there?

Mr. CANNON of Missouri. The Lend-Lease Act is on the statute books. It has not been repealed, and we provide specifically in this bill that the money for lease-lend shall be expended in accordance with it.

Mr. GIFFORD. But if the gentleman and I are partners, and we are trying to do one particular thing, and I give in something and the gentleman something, there is no charge in the end, it is all fiction.

Mr. CANNON of Missouri. Of course when the whole thing is over we will have a settlement but the agreements will be made under the lend-lease law.

Mr. GIFFORD. I am not criticizing.

Mr. CANNON of Missouri. The gentleman is always cooperative. I yield now to the gentleman from Ohio.

Mr. BENDER. Up to January 1, 1942, how much in lease-lend money was actually spent?

Mr. CANNON of Missouri. The hearings, page 189, show that up to the end of the month of January approximately \$1,811,000,000.

Mr. BENDER. Is it not a fact that Mr. MacLeish stated that up to and through December 31, 1941, less than \$1,200,000,000 was spent for lease-lend purposes?

Mr. CANNON of Missouri. I think the gentleman's recollection must be in error, because our understanding was that in round figures it was \$1,800,000,000 up until the end of January. Of course, the figures would have varied slightly from December to January, but not in that amount.

Mr. BENDER. My authority is the St. Louis Post-Dispatch, quoting from the record of a conversation which took place between Mr. MacLeish and other interested persons in a recent hearing.

Mr. CANNON of Missouri. There must have been some mistake between the methods of calculation, because the January figures were in round numbers—\$400,000,000.

Mr. BENDER. Is it not a fact that during the past 10 months, including February 1, less than \$600,000,000 was spent?

Mr. CANNON of Missouri. According to the information submitted to the com-

mittee, we have spent in round numbers \$1,800,000,000 up to the end of January.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. DONDERO. Including the \$29,000,000,000 appropriated under this bill, what is the total amount we have thus far appropriated for our defense?

Mr. CANNON of Missouri. If the gentleman will consult page 3 of the report, he will find this matter fully set out in detail by years—the fiscal years 1941, 1942, and 1943. I think he will find the data there an answer to any question of that character.

I yield the floor to the gentleman from New York, Mr. Chairman.

Mr. TABER. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this bill carries a total appropriation and contract authorization of \$32,100,000,000. It provides \$5,300,000,000 for direct lease-lend; \$1,300,000,000 of that is for agricultural commodities. In all, the total allotment for commodities, including agricultural, is \$3,500,000,000.

The item for the Maritime Commission is something like \$750,000,000. The item for the War Department provides direct appropriations of approximately \$22,000,000,000, with permission to use for lease-lend not exceeding \$11,250,000,000 out of the total appropriated in this bill for the War Department.

The appropriation for the Maritime Commission, for the construction of ships, is \$1,500,000,000 in cash and \$2,350,000,000 in contract authorizations.

There is not any provision of law which would prevent the use of practically all of that money in the same way.

All of the lease-lend money as of the date of our hearings, the 8th or 9th of February, was obligated with the exception of \$700,000,000. Of this, it is the intention, as I understand it, to keep \$500,000,000 permanently in what we call an agricultural reserve, to absorb agricultural commodities that farmers might be induced to plant for this particular purpose, or that might be produced through the dairy or beef products. That \$500,000,000, I understand, is to remain as a reserve until we get through with this operation.

I feel impelled at this time to make some observations with reference to our defense situation. We all know, that people of the United States know, that things are not going well. Our Allies and ourselves have suffered most grievous blows in the last 2½ months. I do not know how many more we are going to suffer before the turn comes. I do know that the situation is such that it calls for the active, whole-hearted, whole-souled cooperation of the whole American people. I am frankly disturbed about some situations. I was very much pleased when the President gave to Mr. Nelson the job of coordinating the production of things for our defense. I believe that Mr. Nelson, if he is given enough power, will go down the line and see that the production is

delivered. It was a step in the right direction.

I will be perfectly frank, I have not been so much pleased with the Allocation Board to distribute the things that we produce, set up with Harry Hopkins at the head of it and composed of three representatives of the British and three representatives from our own Army and Navy. My experience with Harry Hopkins does not lead me to believe that he has the capacity to handle that kind of a job. I think the President owes it to the American people to come out fully for defense and place some competent person in that position before we suffer a major disaster.

I am not pleased with the continuance of Madam Perkins in the position of the Secretary of Labor. I feel that we should have someone there who is competent and prepared to go down the line and help this defense program much more than she can or will help it.

I want to give you a little picture of this situation and what might ensue in the course of the next year or so; some of the facts that have come to me as a result of an intensive study which I have tried to make. Perhaps the most interesting item comes out of your morning paper. Today the percentage of our people in the armed forces of the United States engaged in the production of munitions and similar operations is only 40 percent of the number per thousand of our population that was engaged in the operations in the war of 1918. The first 6 months of this fiscal year our expenditures for defense items ran approximately \$9,000,000,000.

I believe from what I have been told from different sources that if we are going to have the maximum effort this calendar year, the total expenditures here will have to be \$70,000,000,000. We are not going at that rate now, we are a good ways from it; but if we are going to step up our production, step up our armed forces to the point where they are able to produce for us, step up our maritime outfit to the point where it produces ships enough to do the job, step up our Navy where it can actually go in and fight for us, we have got to move along at a much more rapid pace than we have been moving, and it has got to be accelerated very sharply.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CANNON of Missouri. It is true that the number employed is less than the number in 1918, but is it not also true that owing to the use of modern machinery we are producing in much greater volume than in 1918? We have some testimony to the effect that 1 man with modern machinery is producing as much as 20 produced then.

Mr. TABER. There is a certain amount of truth to that. On the other hand we have this situation and we might just as well face it: Our requirements for tanks call for just as much labor and just as much steel in 1 tank of the medium size as was required for 15 tanks in the war of 1918; and our airplanes are so much larger in the bomber type that

they call for probably from 10 to 15 times as much labor and critical material as was required for the airplane of the last war; and as to the guns with high power and long range that have been developed and invented, the mechanical set-up is so immense and so enormous and costs so much more that there is absolutely no question but what the requirements for labor to take care of the same number of men in the field will be larger rather than smaller.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CASE of South Dakota. Along that line and also to be borne in mind is the fact that in World War No. 1 we got most of our planes and a great deal of our munitions and other equipment from the countries with which we were associated; and in addition to that, this time the enemy consists of two highly industrialized nations using a great amount of slave labor.

Mr. TABER. That, of course, is true. Now, as I said, if we are going to do a job, we are going to have to get keyed up to the point where we can do \$70,000,000,000 this calendar year out of a total income of \$100,000,000,000. We can all figure what this means. It means we have all got to do without a lot of things. I am going to give you some comparative figures as to what I understand the Germans are planning to do this calendar year. My understanding is that they are planning to spend \$51,000,000,000 out of a total income of \$70,000,000,000. Now you must remember that as we start into this critical situation we do so with a tremendous handicap. We are starting way behind.

My information is that the American people out in the country are aroused and that they realize the kind of situation we are up against. Let us not, any of us, get the idea, and let us not permit the President to get the idea, that we are not up against a real serious problem and that we must not put our best people and our best energy and our very greatest pressure behind this thing, for we must. There is not any use in our fooling ourselves. Our situation is critical. I have realized for a long time that we were bound to be involved in this situation and sometimes I have said so when it was not good politics.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. COFFEE of Nebraska. Does the gentleman believe we can get our maximum production on the basis of a 40-hour week?

Mr. TABER. I do not. I do not believe we can get it on a 40-hour week nor a 48-hour week. Henry Ford is running 6 days a week at his engine plant, 10 hours a day. The people who are employed in the factories have got to come around to this realization. I will be perfectly frank and say that we here have got to come to the point where we are working 10 hours a day, and maybe more. We

must not take it lying down and we must not fool.

The estimated tax bill in this country as figures stand today for this calendar year is approximately \$23,000,000,000 for the Federal Government. What is the situation? We have got to feed those nations allied with us. We have got to supply them with every possible bit of munitions that they can use effectively.

We have to supply them with every bit of material that they can use effectively and that we are able to supply, so that we may have time to prepare. Our preparation depends, our ability to prepare depends, upon the ability of our allies to hold them long enough for us to get planes, guns, ships, and troops to carry the situation through to victory.

We must not get the idea that the other fellow is going to fight the war for us, because he cannot. He has been under too much strain and he is too much worn out. To win we will have to get our troops into the battle. We have to get our guns manned by our men, our own ships and our own planes manned by our own men. But until that time comes we have to do the very best we can to supply them with enough to stave off our enemies.

Let us not have any doubt about the days ahead. Let us do our best from day to day to carry the load that we must carry. We have little enough to do to sit here and vote money. What we need is action. If we could only get action, if we could only be assured of the President putting through a huge program such as this, if we were assured that he was as earnest as we are in intending to do away with everything that is not essential for national defense, if we were certain that he was putting everything into the war effort, the American people would rest much easier. But that is what we have got to do if we are going to win the war, and it is the only way we will win. In my opinion, the American people demand that this kind of effort be put into the situation. We must do our part, we must not falter, and we must expect the other fellow and the other people to do their part.

Mr. CANNON of Missouri. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. SNYDER], chairman of the Subcommittee on War Expenditures.

Mr. SNYDER. Mr. Chairman, we are now engaged in a most stupendous and a most destructive war, and in a war that will have the most far-reaching results of any war in the history of the world. In fact, Mr. Chairman, one portion of the population of the world is now fighting the other portion of the population of the world. In other words, the democracies of the world are lined up against the Axis Powers or the dictatorships of the world.

The question confronting us today is what we, the democracies, must continue to do, or must initiate and do, to eventually win the struggle to maintain our way of life.

The University of Pittsburgh's football team, last fall, started off by losing to small colleges like Westminster and other small institutions. They lost every game

except the next to the last one. Fordham University had won every game against major colleges and was looked upon to be the outstanding contender for the Rose Bowl invitation. Fordham went to Pittsburgh to play their annual game. Only a few thousand people turned out because they thought it would be a pushover 100 to 1 for Fordham. But what happened? The University of Pittsburgh's football team pulled themselves together in play and in spirit, and to the astonishment of all of the football world ran over Fordham and gave them their only defeat of the year and the only Pittsburgh victory.

Mr. Chairman, I mention this because it is appropriate and applicable to our world situation. What enabled Pittsburgh to win that day? Only one thing—spirit and determination to win. Many of our people today look upon the democracies of the world in this war as the football world looked upon the University of Pittsburgh's football team prior to the Fordham game. We as a nation, up to the time of Pearl Harbor, were in a large measure just like the University of Pittsburgh's football team prior to the Fordham game. However, the Nation's spirit to produce, the Nation's spirit to work, and work, the Nation's spirit to give and to buy bonds was aroused in the hearts of the people on December 7 because of Pearl Harbor. However, the spirit of sacrifice and the spirit of determination to win has not yet overtaken us as a people.

What to do to awaken the American people to the full realization of the danger is a question that nobody has answered. We have had a lot of dry-iced speakers, who never wore a uniform, that try to get in the limelight by telling how it could have been done or how it should be done. They are like the poor: They will always be with us in every community, every state, every nation—this group of "I told you so's." Many of our most outstanding patriots think we will not be awakened to the dangers until our cities, towns, and our coast lines are bombed or some other similar sacrifice is made.

I trust that somehow we can arouse the whole of our people without such a sacrifice. My contention is that if we can arouse ourselves in time—arouse them now—perhaps bombing will not come. If our national defense preparations and installations had been perfected on February 17, 1939, to the extent they are perfected this 17th of February 1942, there would have been no Pearl Harbor conflict, there would have been no Philippine conflict.

But there is no use to cry over spilled milk. We are in this World War. We are in it to win. The only way we can win is for all the people to have the same spirit and determination that the University of Pittsburgh's football team had in their victorious game last fall against Fordham. Anything less will not succeed. We must smile and fight—

It is easy to smile,
Smile all the while,
When things move on like a song;
But the man worth while
Is the man who can smile
When everything goes dead wrong.

Mr. Chairman, prize fighters tell us that when they get their opponent mad or angry or worried, they lose their effectiveness and are easily whipped. In democracies such as ours, millions of people get mad, as it were, and talk mad about this war situation. They do not get mad and say they are going to work 12 hours a day. They do not get mad and say I am going to buy bonds with every cent I can save. They just get mad and talk. It is this group in the United States that does much to help carry on the Nazi and fifth-column propaganda. As an example, it is known that Hitler's propaganda ministers, every so often, release through back-door channels a statement that this German general was killed, or that this German general was believed to have been put away by the Nazis, or that so many Frenchmen were shot as hostages, and so forth. They release these statements and similar statements right along because they know that our newspapers and radios will announce it to our people—just the thing they want done. They know that this group of Americans will talk about these internal disruptions in Germany and will come to the conclusion that disorder and discontent will bring about a revolution in Germany and that we in America do not have to bother about equipment because Germany will destroy themselves from within.

However, Mr. Chairman, with all this misunderstanding, the Government has done a bigger and better and more efficient job in setting up national defense and implements of war since June 1939, than was ever done by any other nation on the face of the earth. Think of it. Japan has been preparing since 1905—37 years. She has been preparing in a big way uninterrupted since 1917—25 years. For 9 whole years Germany has turned all her industries and economic energy toward preparing and equipping for war. While here in the United States, our sleeping democracy has in the last 2½ years geared our institutions to a producing capacity that is turning out more planes, more tanks, and more guns, than any other one of these nations, and by September 1, if the same rate of progress is maintained, we will be turning out more than all the Axis Powers put together, providing Russia is not pushed back.

Mr. Chairman, this was not accomplished by accident. It has been accomplished only because from the Commander in Chief of our forces, on down through the line—the Army, the Navy, the marines—industries large and small, labor, including the farmer, and other agencies have all cooperated to bring about in 30 months this great degree of preparation.

We have a few in rather high places who choose to spend their energies in criticizing the efforts of those who are entrusted with the prosecution of our wartime procedure. They correspond to the back-seat drivers or the bleacher umpires. They have never themselves had any training or experience in the field of activity they are criticizing, but they know in a great struggle like this

that in order to get publicity they must be destructive in their criticism and not constructive.

I saw in the paper where one or two of this type went so far as to suggest that we make changes in the heads of our armed forces. It is a fine thing in a democracy, where we have free speech and free press, that such suggestions can be made. However, I know that if those making these suggestions knew the heads of the Army, the Navy, and the marines they would speak in a different tone.

As an example of this, Mr. Chairman, never has there appeared in the office of the Chief of Staff of the United States Army a man who has had greater experience and more efficient qualifications than Gen. George C. Marshall, of Fayette County, Pa. Only once prior to this time did the officers of the Army, from the top general on down, regardless of age and position, have the respect and confidence in their Chief of Staff as they have in General Marshall. They have confidence in him, first, because of his record since December 31, 1880, and especially since 1902, when he graduated from V. M. I., and more especially since he handled so successfully the position of chief of staff of the operations section of the first American army in France during the old World War. General Pershing pronounced him outstanding and asked for him as his aide-de-camp. No man ever wore the uniform of the American soldier that has devoted more sincere time and patriotic service to his country than General Marshall. No man knows more about war efficiency than General Marshall. Some may know just as much, and many of these General Marshall has in important positions today.

Take Gen. Douglas MacArthur, courageous, creative, daring, determined, a great leader in this important hour. We have other generals at important posts right now who, when and if emergencies for action arise, will make the American people feel proud of them also. For instance, Gen. John Magruder, of Woodstock, Va., who is now in command of the forces serving the China area, or Gen. Frank Maxwell Andrews, of Nashville, Tenn., who now commands our armored forces in Panama, or Gen. James E. Chaney, of Maryland, now in command of our American units in England and Ireland.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 15 minutes.

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his own remarks in the Record.)

Mr. WIGGLESWORTH. Mr. Chairman, this is the largest appropriation bill in the history of the country.

It includes four principal items, an item of \$22,888,901,900 for the Army; an item for the Maritime Commission of \$1,502,000,000; another item for the Maritime Commission in the form of contract authorizations of \$2,350,000,000; and a final item for lend-lease or defense aid of \$5,330,000,000; a grand over-all total, including contract authorizations, of \$32,070,901,900.

Of this total, there is available for lend-lease or defense aid purposes not only the \$5,330,000,000 directly appropriated, but

so much as the President may see fit to transfer of the \$1,500,000,000 for the Maritime Commission and up to \$11,250,000,000 of the amount provided for the Army, an over-all maximum of \$18,080,000,000.

The total recommended by your committee, as has been pointed out, shows a reduction of \$100,000,000 as compared with the Budget estimates.

The members of the committee will find on page 3 of the committee report a table which shows the actual and anticipated appropriations and contract authorizations for the fiscal years 1941, 1942, and 1943. This table shows in round numbers appropriations by the House during the fiscal years 1941 and 1942, including the bill now before us, for the Army, \$53,343,000,000; for the Navy, \$31,345,000,000; for other defense agencies, \$8,421,000,000; for lend-lease or defense-aid purposes, \$12,985,000,000, or a total of \$106,115,347,524, against an over-all anticipated total of \$142,005,354,613 for the 3 fiscal years referred to.

The Daily Treasury Statement indicates an expenditure against this total as of February 10, 1942, amounting to about \$17,100,000,000.

The maximum amount that might be made available for lend-lease purposes, including the amount carried in the present bill, is something like \$40,865,000,000. This sum may, of course, be used in whole or in part, either for our own purposes or for those of our Allies within the discretion of the President.

Mr. Chairman, I am not going into detail with reference to the several items here.

I may say, however, that the Army item of roughly \$22,889,000,000 is exclusively for equipment and for essential facilities, and that it can be broken down as follows:

Expediting production-----	\$3,011,512,000
Subsistence -----	145,830,000
Supplies -----	67,982,000
Clothing and equipage-----	928,928,000
Transportation-----	2,245,701,000
Horses—draft and pack-----	2,725,900
Signal Corps-----	1,349,000,000
Air Corps-----	167,440,000
Medical and hospital department-----	171,178,000
Corps of Engineers-----	1,226,300,000
Ordnance-----	13,252,200,000
Chemical Warfare Service-----	288,336,000
Seacoast defenses-----	31,769,000
Total-----	22,888,901,900

The Army estimate is based on essential items for an Army of 3,600,000, and production facilities is for a very much larger one.

The appropriation before the committee represents a step toward the Presidential objectives laid down in his speech to this House on January 6, 1942. Those objectives, as you will recall, included, among other things, the production in 1942 of 60,000 planes, 45,000 tanks, 20,000 aircraft guns, and 8,000,000 deadweight tons of shipping, and in 1943 the production of 125,000 planes, 75,000 tanks, 35,000 aircraft guns, and 10,000,000 deadweight tons of shipping.

The committee has the assurance of Under Secretary Patterson, of General Knudsen, and of Mr. Nelson that, with a

few exceptions, all the items called for in the present estimates can be provided by the end of the present calendar year.

It is not possible to cover in detail the 13 items under the military estimate which we are considering. The report deals with them in general terms. There is also certain general information in the hearings. The great bulk of the detailed information, however, in respect to each of the several items composing the military estimate was given to your committee off the record.

The Maritime Commission estimate of \$3,852,000,000, including contract authorizations, is based fundamentally on the Presidential directive increasing the deadweight tonnage in 1942 and 1943 from 12,000,000 to 18,000,000 tons, or 50 percent.

Admiral Land assures the committee that all funds appropriated heretofore or requested in this bill will in all probability be completely expended during the fiscal years 1942 and 1943.

You will find commencing at page 91 of the hearings certain tables showing the merchant-ship programs upon which we are now embarked. Over all, as of June 30, 1943, the programs call for the production of 2,877 ships of a deadweight tonnage of just under 31,000,000 tons, at a cost of something over \$6,700,000,000.

The funds carried in this bill contemplate an increase of 1,476 ships in the so-called long-range program. They also include \$2,000,000 required for administrative expenses, bringing the total in this respect to about 1.2 percent of the total funds appropriated.

We all appreciate how vital the work of the Maritime Commission and those contributing to its programs is at the present time. I call your attention in this connection to the testimony of Admiral Land to the effect that the man-hours lost in the ship-construction industry during the calendar year 1941 were equivalent, in his opinion, to the loss of 8 or 10 merchant ships.

Mr. Chairman, the lend-lease or defense-aid estimate of \$5,330,000,000 represents the estimated allied needs for the last 10 months of the calendar year. I should say allied needs in respect to articles which are not completed military and naval articles, because articles in the latter classifications have been made available since the declaration of war and are made available here directly to the War or Navy Departments.

The testimony indicates that of the \$12,985,000,000 heretofore appropriated direct for lend-lease or defense aid purposes, about \$2,000,000,000, including material in process, has been transferred to our Allies. About \$7,350,000,000 has been obligated. About \$12,640,000,000 has been allocated. The total sum available for allocation will be exhausted within the next 2 weeks.

I call attention in passing to the fact that the monthly average of lend-lease goods supplied to our Allies has increased from an average of about \$141,400,000 during the first 8½ months to a total of \$462,000,000 in the month of January.

Under leave to extend my remarks I insert at this point the several categories of the lease-lend or defense aid estimate.

No appropriation is included for categories 1, 2, and 5 because they represent completed military and naval material to be provided for by direct appropriations to the War and Navy Departments.

Category and estimate

Ordnance and ordnance stores.....	0
Aircraft and aeronautical material.....	0
Trucks and other vehicles.....	\$129,015,000
Vessels, ships, etc.....	734,420,000
Miscellaneous military equipment.....	0
Facilities and equipment.....	111,450,000
Agricultural, industrial, and other commodities.....	3,567,115,000
Testing, reconditioning, etc., of defense articles.....	208,000,000
Necessary services and expenses.....	680,000,000
Administrative expenses.....	0
Total.....	5,430,000,000

Mr. Chairman, I want to say a word or two of a general nature before concluding my remarks.

This appropriation, as I have already stated, is the largest appropriation ever considered by the Congress of the United States. Added to those already made and to be made, it presents a picture which is staggering in its future implications. Some clarification as to that future, I hope, will be presented through material which has been promised to the committee by the General Staff, and by General Knudsen, in reference to our manufacturing capacity and our spending capacity.

I support this bill. I see no other course open under the circumstances. We are actually in battle with the enemy. We must rely upon our military and production experts.

I want to make two observations, however, in this connection, one in respect to meeting our own needs, the other in respect to meeting the needs of our allies, because, Mr. Chairman, sooner or later this Congress will be held responsible by the people for the enormous appropriations we are compelled to make at this time. We shall be held responsible in terms of the fighting efficiency of our forces, and that, of course, is the paramount consideration at this time. We shall also be held responsible in terms of the economic and financial consequences of the spending of these tremendous sums.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Our needs, Mr. Chairman, must, of course, be met and met in full. They must be met as fast as it is humanly possible to meet them. To my mind, the great tragedy of the present picture is the terrible delay which has taken place in the past in providing for those needs. At the same time, Mr. Chairman, it seems to me that our needs must be met on as reasonable a basis as possible.

Personally I am not satisfied with the record to date. I do not believe any of us are. I do not believe the military and naval authorities themselves are. I know what they have been up against, but we have had the tremendous waste in con-

nection with the construction of cantonments, we have had the charge of exorbitant profits in the Truman committee report, we have had the charge of exorbitant fees in the Faddis committee report. Moreover, unit costs do not seem to be coming down, in the estimates presented to your committee, as it would seem they should in view of the tremendous purchasing by the Government.

One division of the War Department came before us in connection with this bill and stated frankly that while it had departed from competitive bids, it could not tell with respect to a single item what margin of profit was included in the price which we are paying.

Let us provide for our needs and provide for them in the minimum possible time, but let us also do our utmost to hold down the enormous financial burden which we are creating.

The essential needs of our Allies, Mr. Chairman, have also got to be met and met fast. They should be met and met fully, provided they are essential, provided they do not interfere with our own military and naval needs, and provided they are within our capacity in terms of manufacturing and in terms of spending.

It seems to me imperative, however, that the determination of what is or is not an essential for another nation should be an American determination, based on the best available expert testimony. Here we are dealing with 36 possible lend-lease or defense-aid nations, representing with America 71 percent of the population of the world and 79 percent of its area. Clearly, unless the determination of need is an American determination, the financial burden ahead of us can be limitless.

Again, Mr. Chairman, I am not satisfied that the procedure in the past has been adequate. I am not sure in my own mind that we have not been governed too much by our capacity to produce and too little by the proven need of others. I hope I am wrong in this connection.

Under the new procedure which has been set up, as I understand it, all non-military and naval material goes to the Lease-Lend Administration by requisition and the decision is made there. With Edward Stettinius as Lease-Lend Administrator, I know that the matter is in competent hands.

As to military or naval matériel, however, as the gentleman from New York [Mr. TABER] has pointed out, the ultimate decision will be made, as I understand it, by the so-called Munitions Assignment Board, consisting of three British military or naval officers, three American military or naval officers, and a chairman in the person of Harry Hopkins.

Mr. Chairman, I seriously question this set-up. I seriously question if it is conducive to essential results. I seriously question if the Board, under the chairmanship of Harry Hopkins, can command the confidence of the country. I understand the present arrangements are not final, that a thoroughgoing study is being made of the whole subject. I hope that this study will serve to give us a set-up in which we can all have complete confidence.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield to the gentleman from Massachusetts 1 additional minute.

Mr. WIGGLESWORTH. Mr. Chairman, may I just say in conclusion that I agree wholeheartedly with the general point of view expressed so ably this afternoon by the gentleman from New York [Mr. TABER]. We cannot win this war with words, we cannot win this war with appropriations. We can only win it by production and more production, by the delegation of power to the experts in the military and naval fields who know how and when and with what weapons to accomplish results, and by the development of trained and seasoned fighting forces capable of defeating the greatest war machine the world has ever known.

I consider this bill a step in that direction. I shall vote for it.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, I thoroughly agree with the gentleman who just preceded me that we cannot win this war with words. I say with all the force I possess we cannot win it without appropriations.

The chairman of the Appropriations Committee, which is reporting this bill today, informs us that it was drawn by, and the gigantic sums called for are the result of, weeks and months of intensive study and calculation on the part of the ranking officers of the Army and Navy and of the War Production Board headed by Donald M. Nelson and others, and then checked and rechecked by the Bureau of the Budget. The sum total is \$32,000,000,000, including some \$2,500,000,000 in authorizations, and in addition to that there is what seems to be chicken feed by comparison with the whole in the neighborhood of \$70,000,000 or \$80,000,000 that we will not talk about. This being true, and we know it is true, let me ask this question, Is there a single Member of this House who honestly believes that he is competent to suggest changes in this bill? When I say changes I mean reductions in or additions to any one or more of the numerous items contained in the measure. If there be such a Member I suggest that he rise and take his place in the well of this House and tell us, on his own authority, what are the amounts he would change and why. Mere hints and innuendoes will not be enough. He must confine himself to the facts and figures and show beyond shadow of a doubt that he knows what he is talking about and not indulging in wishful thinking or trite and worn-out slogans.

If there be no such Member, no such all-wise and prescient Member, I suggest that the chairman in charge of the bill—and I do not offer this as a motion, merely a suggestion—address the chair and move that the committee rise and that the bill be read, there being no amendment offered, and that the bill do pass. In the grave circumstances in which this Nation finds itself, I humbly suggest that the greatest contribution that we can make to the winning of the war is to make the needed billions avail-

able at the earliest possible moment, with the least possible waste of time in futile and nonproductive debate. In fact what we need most at this critical period is great gobs of silence on the one hand and vigorous, intelligent, and constructive action on the other.

I yield back the remainder of my time.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, I am opposed to the \$18,000,000,000 lease-lend provision in this bill. And that is most of the bill. I am a patriot also. I am opposed to giving over to Lord Halifax and Harry Hopkins \$18,000,000,000 with which to say whether we will get any of it for ourselves or not. I do not think our chances would be very good to get much of it back. I was opposed to lease-lend for all the bills. It was argued at the time that it was going to keep us out of war. That was the argument—it would keep us out of war and therefore we would not have to go to war and we would not have to spend this money to build up a great, aggressive army; but that failed, and did more than anything else to put us into the war. Now that we are in, and have tremendous obligations, I think my people at home, and the people over these United States, if they had a chance to vote on it, would not vote to put \$18,000,000,000 of this money where it could be spent for somebody else. We have been hearing from the people not only on this pension proposition, but we have been hearing also about our spending and I want to say about this \$18,000,000,000, it just shows to you and everybody else, if you are impartial, the tendency toward dictatorship right in our land here today. The \$18,000,000,000 is not earmarked. It is the people's money and they will have to pay it back with sweat in the years to come and it will be paid by their children's children and their grandchildren. The money is not earmarked. One man with his aides will determine where it goes. All of the other lease-lend appropriations are not equal to what is put in as a side issue in this bill, on which there were hearings of just 1 day.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. Yes.

Mr. WOODRUFF of Michigan. Can the gentleman inform the Committee how much of the previous appropriations for lease-lend have actually been put into production of the materials of war, how much of the materials of war have been provided with these appropriations, and, further, can the gentleman tell the Committee just how much heretofore appropriated under the so-called lease-lend has been earmarked or contracts let for up to this time?

Mr. LAMBERTSON. I cannot tell the gentleman exactly, but it is only a small percentage of it.

Mr. WOODRUFF of Michigan. I know the gentleman from Kansas is greatly endowed with reasonable and fair thinking, and he is able to look into the future and see the things that are going to happen. Can the gentleman, in the widest stretch of his imagination, under-

stand when and how this money is actually going to be put into goods for our Army and the armies of other people?

Mr. LAMBERTSON. No. But under the President's program, repeated here today, with a minimum of 60,000 planes this year, and 125,000 next year, where is our productive capacity going to do anything for our allies, on top of all that?

Mr. WOODRUFF of Michigan. Does the gentleman have any information that he can give to the Committee dealing with the number of fighting planes now being produced?

Mr. LAMBERTSON. I cannot tell the gentleman. I have not heard from Gen. Leonard Ayres recently. He has not appeared before the whole committee, and I do not think that he has spoken to us since Christmas.

Mr. WOODRUFF of Michigan. Then the Committee on Appropriations has not been informed.

Mr. LAMBERTSON. They may have been, but I have been busy on another bill lately and could not tell the gentleman exactly.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. Yes.

Mr. PRIEST. I am sure the gentleman from Kansas would not want to leave the committee under any misapprehension about the amount involved here.

Mr. LAMBERTSON. No.

Mr. PRIEST. The gentleman referred several times to the figures \$18,000,000,000. As far as this bill is concerned I believe the whole amount is only \$5,300,000,000.

Mr. LAMBERTSON. You have not read the bill carefully. There is \$11,000,000,000 in there on page 5 that the President can use for lease-lend if he wants to. All of that on page 5. Then the President can take \$1,500,000,000 more and put it into the Maritime Commission. That is \$18,000,000,000 with the \$5,000,000,000 on a later page. I want to satisfy the gentleman that I know what I am talking about.

Mr. PRIEST. The \$18,000,000,000 is not earmarked specifically for lease-lend?

Mr. LAMBERTSON. No, but it is all possible in this bill.

Mr. PRIEST. But it is not earmarked.

Mr. LAMBERTSON. No; it is not.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. O'CONNOR. I just came into the Chamber and I have not heard all of the debate upon this bill. I do not know whether this matter has been touched on or not, but I have here an article that appeared in the Times-Herald on February 11. It reads:

United States buys Canadian tires for British use. One hundred thousand produced here for Army also shipped to Allies under lease-lend.

I am just wondering if we are buying Canadian tires in Canada and then shipping them to England under lease-lend. Are we doing that?

Mr. LAMBERTSON. I could not tell you, I am sure.

Mr. O'CONNOR. I would like to have the gentleman's opinion about such a

practice as that, if that is what we are doing.

Mr. LAMBERTSON. That is unfortunate. I have heard of similar things equally bad that we have been doing since we had lease-lend.

Mr. O'CONNOR. I notice another statement in that same article, which is as follows:

However, it is pouring supplies of all kinds into Britain with speed as the keynote. In the stream of supplies, according to information received by the Chicago Tribune, are thousands of cans of boned chicken at \$1.17 a pound.

Are we sending that kind of food to Great Britain at the expense of the American taxpayers under this lease-lend authority?

Mr. LAMBERTSON. Anything is possible. I cannot verify the facts in the case. We have had things just as bad that I am sure were true.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield briefly.

Mr. HOOK. I noticed in the colloquy between the gentleman from Tennessee [Mr. PRIEST] and the gentleman from Kansas that he mentioned page 5 of the bill, \$11,000,000,000?

Mr. LAMBERTSON. Yes. That is a typographical error in the bill.

Mr. HOOK. It says \$11,000,000.

Mr. LAMBERTSON. The three ciphers were left off. It is \$11,000,000,000.

Mr. HOOK. It is \$11,250,000 here, but it should be \$11,000,000,000?

Mr. LAMBERTSON. The printer left three ciphers off of the end.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. JONKMAN. I understand that including the amount made available in this bill, the total amount appropriated for lease-lend purposes is over \$41,000,000,000; is that correct?

Mr. LAMBERTSON. That is right at it. This is equal to all of the other appropriations we have made in three or four different bills. This equals all of that lease-lend, and it was put into this bill after 1 day's hearing. The chairman talked about the committee having carefully gone over this for months—I venture this is not 2 weeks old from its birth; that is, all of the money that is in this bill.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. HOFFMAN. I am just as much opposed to this sort of procedure as is the gentleman, but here we are in a war. The President is Commander in Chief, and he asks us for this money. If we know he is going to waste four-fifths of it, what can we do other than to vote for it?

Mr. LAMBERTSON. Well, we might call his attention to it, and maybe he might improve.

Mr. HOFFMAN. Oh, no. You do not labor under any such delusion as that?

Mr. LAMBERTSON. I will say something about that in a minute.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. DITTER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. BENDER. The gentleman was here when the gentleman from Pennsylvania [Mr. SNYDER] was making his speech, and he referred to Germany's effort in the last 9 years in building up a big war machine. Will the gentleman tell us who has been running this country for the past 9 years?

Mr. LAMBERTSON. Well, you all know.

I want to say further in answer to the gentleman from Michigan [Mr. HOFFMAN] on this proposition that the President is going to have this to do, that is true. I want to be just as patriotic as I can about this. We have got this grim thing to face. I voted for the declaration of war. Nobody would have told me that I would on the 6th of December, but I did. We were maneuvered into it. The proposition is we have got to go through with it. We have got to fight. We have this hard thing ahead of us, but I think the President of the United States might have apologized to the people of the United States for having appointed Admiral Kimmel over 46 rear admirals in line, better fitted for the job, evidently, than he was at Pearl Harbor. We have never heard a word of apology from the President of the United States over that. He was made Superintendent of the Naval Academy. He was made Naval Budget Director. He was promoted to the head of the Pacific Fleet 1 year ago over 46 rear admirals. If the President does not change his ways and he is going to give us that kind of inefficiency, I think we had better begin to function as a Congress or we will lose this war. That is what I think.

Mr. JOHNS. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. JOHNS. We have appropriated a great many billions of dollars here and we have 18 or 19 of lease-lend up to this time without this appropriation. I find that of the first \$12,935,000,000 that was appropriated, they have allocated \$12,225,000,000. Do you have any idea as a member of the Appropriations Committee what that was allocated for?

Mr. LAMBERTSON. No; I cannot tell the gentleman.

Mr. JOHNS. It states further that up until February 8, a few days ago, we had expended by the end of January only \$1,811,000,000 during that whole period and that the total of aid rendered was only \$2,100,000,000. Can the gentleman tell me why it is we must keep appropriating \$5,000,000,000 every few days, adding to the large sum that was originally appropriated?

Mr. LAMBERTSON. The only answer that I can see is that the continuous appropriating of money is done to keep up morale; that is the only reason I know of. The gentleman from Wisconsin will recall that when in June of 1940 we appropriated \$1,000,000,000 it was said that was going to do the job, \$1,000,000,000. Then we appropriated \$14,000,000,000 more before Christmas, since June 1940 we appropriated \$100,000,000,000 approximately for national defense and

only \$17,000,000,000 of it has been allocated or spent; yet here we are appropriating billions and billions more.

Mr. JOHNS. Does not the gentleman believe that instead of creating morale in this country these huge appropriations are going to undermine and destroy it?

Mr. LAMBERTSON. Absolutely. That is what I am emphasizing; and I am saying now that I believe that if the proposition of appropriating \$18,000,000,000 for lease-lend were today submitted to the people on a referendum they would turn it down with the war facing us that does face us, with the needs of our own Army and Navy facing us as they do face us today. They would turn it down on a referendum, and I am not scared politically or otherwise to say that this is my judgment about my people today on lease-lend.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. HOUSTON. Is the gentleman in favor of cutting out the item carried for lease-lend in this bill?

Mr. LAMBERTSON. I am.

Mr. HOUSTON. Does not the gentleman feel that if we let our Allies down they may fold up and eventually we shall have to fight the battle alone?

Mr. LAMBERTSON. Evidently we have got to fight a lot of it alone today, anyway.

Mr. HOUSTON. Are we not doing that?

Mr. LAMBERTSON. Let us do that first.

Mr. HOUSTON. What proportion of the money under lease-lend is going abroad and what proportion is staying here?

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Kansas 3 additional minutes.

Mr. LAMBERTSON. Two-thirds of this may go abroad, because it is not earmarked and the President can send it if he wants to.

Mr. HOUSTON. If he wanted to; but how much is going abroad and how much is staying home? Is not three-quarters of it still in our own country for our own troops?

Mr. LAMBERTSON. If that is the case, what is the necessity of appropriating any more money for lease-lend? Let us keep our own flying.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. Briefly.

Mr. HOFFMAN. Is it not a fact that our own coasts are unprotected? Are not tankers being sunk within sight of our own shores? Can we not even protect our own shores?

Mr. LAMBERTSON. I want to say a little about labor, because labor costs are an important part of all these appropriation bills. Just before Pearl Harbor we passed an antistrike bill. It is over in the Senate. Strikes are in the making right now.

Mr. HOFFMAN. Why, they are on right now.

Mr. LAMBERTSON. We must courageously tell labor that these wasteful things must stop. From 25 to 40 percent

of this stuff is just wasted. Many things add to the cost. I proposed to recommit the wage-hour bill that would have saved billions of dollars to this Government had I been successful in recommitting the wage-hour bill, a bill which was created to take care of subnormal sweatshop workers.

What about the carpenters in Washington? As I waited at a filling station Sunday afternoon while having my tires reversed according to the new plan, I overheard two carpenters laughing up their sleeves about getting \$15 a night on defense work—\$15 a night, carpenters. Why should that go on? Yet not satisfied with that they are threatening to strike for higher wages. Adding to the cost of all our efforts are the prevailing wage policy, the Walsh-Healey Act, and many others. These policies had added from 25 to 40 percent to our cost of production in defense, and the poor fellows who are buying the stamps and the bonds back home are the ones who have to pay for it. They are the ones who have to pay these \$15-a-night carpenters here in Washington. Do not talk about anything else—that is the thing that is destroying morale in our country, this thing that we have allowed to exist and grow up here in spite of the pleadings of the gentleman from Michigan, the gentleman from California, and others. We are sitting idly by and letting it go on.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. RICH. I received letters from constituents this morning. They are making meager wages. They write of the difficult times they are having to get along and make ends meet. They are not getting great wages, like these carpenters the gentleman mentioned.

Mr. LAMBERTSON. I want to reiterate in closing that the people of the United States would not vote \$18,000,000,000 today for the Allies with our own war needs so great. This is just a morale proposition. Then there were \$500,000,000 that we voted the other day for the China bank.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, the gentleman who has just spoken is a member of the subcommittee that reported this bill, a bill which is of vital concern to the national defense of our country.

Our country is at war. We are engaged in a war against powerful foes, tricky foes, unscrupulous foes. We are confronted today by the greatest danger that has ever confronted our country in its entire history. This generation of Americans is on trial.

Mr. Chairman, this is the Congress of the United States. This is the body to act constructively to win this war, in cooperation with the other agencies of our Government. That is our first job. The very existence of our Government, the rights of individuals, everything that the western civilization stands for, is at stake.

We have just listened to a rambling, rank, critical speech. The opportunity existed for the gentleman from Kansas [Mr. LAMBERTSON] to make an affirmative speech. But he speaks favorable to the bill, then the "but," the whisper of poison, the innuendo, which goes out into the hinterlands of the country, appealing to the emotions of the people. What is the purpose? I do not have to penetrate his mind to analyze the purpose, but I know what the results are. The result is division among our people at a time when we need unity.

This is not a Democratic war, this is not a Republican war, it is not an Independent war. It is an American war. The gentleman from Kansas had the greatest opportunity in the world to make a speech for unity, an appeal for unity. That is what I appeal for. What I say is impersonal, what I say is not expressed in any harsh sense or in any political sense. As far as I am concerned, I am willing to sacrifice anything that is personal to me, political preferment in the future or anything I possess of a personal nature, if I can but contribute to some extent to the successful outcome of this war and the preservation of our country for the remainder of my life and for the generations to come.

This is not a dramatic saying; it is not a Fourth of July saying. It is a firm conviction entertained by me. Without going further, because in an extemporaneous speech one might say something that he might later regret, I appeal for affirmative action and speech. Let us stop making mountains out of molehills. Let us all act and cooperate together for the common good because we all have the same stake. You may talk about labor unions, but we all have a card in the union of the United States. I have a card of membership in that, so has every other American. Let us from now on stop all those utterances that are not conducive to unity, conducive to courage being possessed by our people. Let us learn the lessons of the failures of the past and apply them to the future.

I particularly exhort those who opposed everything, or practically everything, prior to December 7 to remember that we are in a war now. If we had followed their leadership we would be defeated today. When they start criticizing the President of the United States, as the gentleman from Kansas did a few minutes ago, I take exception. The gentleman did not follow the President's leadership. Whatever ability we may have to defend ourselves was obtained under the leadership of Franklin D. Roosevelt, but with great opposition. If we had followed the leadership of the gentleman from Kansas we would be defenseless today. Those who took that position prior to December 7, and in good faith, as I am confident most of them did, should now at least employ decency by remaining silent in these days if they cannot make constructive utterances.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, I need not use this occasion to emphasize my af-

fection for the distinguished majority leader. On other occasions I have both in public and in private expressed not only my regard but my affection for him.

May I say on behalf of the minority that I do not concede, nor do we concede, that all patriotism and all efforts toward unity are confined to the other side of the aisle. May I say to the majority, also, that there is just as much devotion, there is just as much loyalty, there is just as much love of country, there is just as much willingness to sacrifice, there is just as much forbearance to accept the heartaches that come from separations, on this side as there is on that side. We are motivated on this side by the same love of country as the majority leader.

It is a very happy occasion, and I rejoice, that the distinguished majority leader took the floor just before the time which has been allotted to me. I want to quote a paragraph or two as an introductory word to that which I want to contribute to the afternoon discussion. May I remind the majority, and in reminding the majority I call it to the attention of the country, that Woodrow Wilson said:

We do not need less criticism in time of war but more. It is hoped that criticism will be constructive, but better unfair attack than autocratic repression.

Weigh those words carefully—

better unfair attack than autocratic repression.

Honesty and competency—

Mark you those words, words well chosen by a master linguist—require no shield of secrecy.

Then there recurs as well another quotation which I believe has pertinency at this time, and I refer to a quotation from the late beloved and well-regarded liberal jurist, Mr. Justice Oliver Wendell Holmes, who on an occasion said:

We do not lose our right to condemn either measures or men because the country is at war.

Mr. Chairman, both of these statements are sound. They are fundamental truths, essential to self-government. Without such principles, self-government ceases to exist.

A week or so ago the minority was very well pleased with the recognition which was accorded it by the majority when all of the minority Members of the Congress received a telegram from the majority leader urging our attendance on the floor of the House for the consideration of an appropriation bill. The appropriation bill carried funds for activities which over the week end had shocked the country, and which the press of the country, in no unmistakable way, had criticized. Since then there has been no change on the part of the majority of the people as to their opinion of that appropriation. What the House did then has been approved and applauded.

Let there be any on the majority side who feel that that overture of graciousness and that very kindly act was not well received, may I in a humble way, speaking for all of my colleagues on this side, express to the majority our appreciation for your concern over our at-

tendance. We were on hand. I think the request of the majority leader has resulted in not only a better attendance on the part of his own cohorts but a better attendance on the part of the Republicans as well.

But another message has come into my hands today. This, too, bears the stamp of authority. It also is a message urging attendance. It deserves attention.

I should like to interject at this time, Mr. Chairman, that the position of chairman of the Appropriations Committee of the House of Representatives is one of the most powerful positions that is given to any man in the Congress. With that power goes responsibility. The observations I am about to make are not directed to the distinguished gentleman from Missouri as a Member of the House but rather to him in his position as chairman of the Appropriations Committee and to the majority members as a whole.

I deplore the message that has come to me, after such a soul-stirring challenge as came from the majority leader a moment ago. It does seem to me unfortunate that going hand in hand with that appeal is this message coming from the chairman of the Appropriations Committee of the House, dated February 16, 1942:

DEAR COLLEAGUE: The chairmen of the Democratic and Republican National Committees opened the congressional campaign the first of the month, and the next week on the first administration bill up the House Republicans handed us a Pearl Harbor.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. DITTER. Not at this point.

Mr. CANNON of Missouri. That was not said as chairman of the Appropriations Committee.

Mr. DITTER. I do not know how you men feel about Pearl Harbor, but Pearl Harbor to me is a tragedy. Pearl Harbor to me associates the loss of men and the loss of means. It represents to me the all-out sacrifice. I cannot think of Pearl Harbor but what I think of the homes from which there has been a loved one taken here and a loved one taken there. I cannot think of Pearl Harbor but what I think of the anguish and the heartaches of the mothers and the fathers of the boys who gave the "last full measure of devotion." Pearl Harbor represents to me the finest thing possible in the way of willingness to sacrifice, to endure hardship and, under adverse conditions, to exemplify the best traditions of American manhood.

I deplore, Mr. Chairman, that we have come to the point of using Pearl Harbor as a synonym for a threatened political reversal or a possible political debacle. I hope that does not represent our spirit here. I hope we have not come to the point that what Pearl Harbor is and what it was and what it will continue to be for months on end in some three-thousand-odd homes in this land, and more, shall be stigmatized by making it synonymous with political maneuvers.

I read on:

With no national issues and no ammunition they closed 2 days of debate with one

of the most clever coups and one of the most effective political appeals to the country that has been seen in the House in the last 20 years

I deny that it was a political coup but, nevertheless, I cannot help but acknowledge the compliment as a comparison with the last 20 years is made.

I read on:

There were no fan dancers in the bill and none in any former bill, but the Republicans put them in the bill by smashing over an amendment to cut them out of the bill. The only purpose in offering the amendment and all the other amendments they offered was to gain partisan advantage in the congressional elections this fall.

I deny that charge categorically. I deny that a distinguished gentleman like the minority leader on the Appropriations Committee [Mr. TABER] has been motivated by solely political considerations. I deny that the distinguished gentleman from Massachusetts, who enjoys the respect and the regard not only of his constituency but of the membership here in this House, was actuated in offering the amendment he did offer by political motives.

I happen to be one that offered one of those amendments. I shall not plead my own cause. I shall leave that entirely to the judgment of the House.

I read on:

Their amendment was an exact duplicate of the committee amendment previously adopted. It meant nothing in the bill, but was planned to beat Democratic Congressmen and elect Republican Congressmen and control the House in November.

Again I say that there was no such purpose. We tried to do the thing which it is our duty to do—to enact legislation which will be for the ultimate good and the greatest possible security of our people.

I read on:

They would have gotten nowhere with it if the amendment had not carried. If defeated, it would have gotten one short paragraph in the papers.

That is significant to me. Are we legislating here today to see how many paragraphs we can get in the papers? Have we come to such a state that an appeal must be made that the worthiness of a cause depends on newspaper space—one paragraph or no paragraphs or a dozen paragraphs in the newspapers?

I read on:

But when they amended an administration bill—

Mark you, an administration bill—

drawn by military and Treasury experts and approved by the Budget Bureau, that was news and hit the headlines in every metropolitan paper in the United States.

I am glad it was news. For myself, I am glad it was news. If it is news for the Congress of the United States to show an independence of thought and action such as would give it the courage to dare to amend an administration bill, then I am glad it hit the press. I think one of the best stimulants to the faith and courage of the people right now will be an evidence on the part of this Congress that instead of impotency there is independence; instead of rubber stamps there is careful, clear, and con-

scientious thinking and acting on the part of this body.

I read on:

Democratic Members—

This is an indictment against the brethren on the other side of the aisle.

Democratic Members were responsible for the success of the Republican blitzkrieg.

We had no part in a blitzkrieg. We had no part whatever in a blitzkrieg, and I deny that any man here on this side of the aisle had a part in a blitzkrieg. What we did was to take an appropriation measure and exercise the responsibilities which are ours, to offer amendments. If these amendments had merit—and apparently many Democrats thought they had—they would be incorporated in the bill. Is this blitzkrieging? We tried to perfect legislation. Is it a blitzkrieg to amend a measure? Have we come to this pass? A blitzkrieg is a term that implies the sacrifice and the hardship and the heartache that I spoke of a moment ago.

I read on:

Out of the 263 Democrats in the House, the highest number of Democrats on the floor for any teller vote was 80.

Well, I do not know, I did not count, but I am glad that there were a substantial number of Republicans on the floor. I think there were more than 80 Democrats on the floor. I would hate to feel that my friends on the Democratic side were not more interested than that. I am confident that in the discharge of their duty they were either on the floor or in committee rooms or doing those things which their public office requires them to do. That is the faith I have in the men on the Democratic side who may have been absent at the time when a teller vote was taken. I do not chide you.

Now I compliment my brethren on this side of the aisle. I read on:

The Republicans had their Members on the floor and won by five votes.

I congratulate the Republicans. I congratulate you for your attention to duty and for the work that you do.

I read on:

A similar bill comes up tomorrow. The Republicans will again be on hand to make political capital out of it.

We are on hand, but we are not here to make any capital out of it. We are on hand here to bring the best possible thought and the best constructive criticism and the best analytical attention to the appropriation bill before us.

I read on:

These bills do not originate in the committee. The War Department, the Navy Department, the Treasury Department, the Bureau of the Budget have already spent weeks on them. Nothing is included that ought not to be there. If there is any fault, they have been cut too close. Every item of them is needed to back up American armies fighting losing battles on a dozen different fronts. Their passage ought to be controlled by military considerations and not the political considerations the Republicans inject into them.

Again I come forward with a denial. Again I make the claim that we have not been actuated by political considerations

as we study this gigantic, this tremendous task of arming of our men for the winning of the war, and making the dollars count for the most in that winning.

Here is a regrettable paragraph. When the time comes, Mr. Chairman, that the press of the country no longer can carry not only the views but also its impressions, we have come to a sorry pass.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield to the gentleman from Pennsylvania 5 additional minutes.

Mr. DITTER. I think this paragraph is to be deplored:

I read on:

The flood of vicious—

Get that word—

newspaper abuse—

Again an unfortunate expression.

The flood of vicious newspaper abuse of the last 2 weeks which has been making political medicine for this fall will be intensified by Democratic support of Republican amendments in the Committee of the Whole tomorrow. On these crucial bills depends our hope of winning the war. They deserve the support not only of Democratic Congressmen but of all Congressmen.

Mr. Chairman, I repeat, it is regrettable when the observations of the press of the country are characterized as a "flood of vicious newspaper abuse." A free press is a foundation for all our freedoms. Take from the press its right to be critical as well as commendatory and you take from freemen their most precious privilege, their surest defense against the arbitrary and autocratic tyrannies of a despot. Have we come to the point that the press can no longer carry its impressions, express its opinions, without subjecting itself to the charge of letting loose "a flood of vicious newspaper abuse"? God forbid that we have come to this sorry state.

I join wholeheartedly with the majority leader. I think I can make just as great a claim as he can, that out of this Republican minority there springs a spirit of unity and loyalty and devotion. We have made those professions, and are willing to make good those professions. I assure the majority leader those professions will not be limited in their fulfillment by the restrictions suggested in the message to which I have directed your attention. I have already expressed my affection for the distinguished majority leader. I repeat it now. With that expression I link the hope that an all-out unity may be made possible by an avoidance of tactics such as I have referred to at length today. The Republicans crave the privilege, as the President styled it, of serving in this hour of need. Let us cast aside the suggestions that partisanship shall be permitted to limit our desire to serve. Let us dismiss that which might becloud the issue or limit our vision. For the minority, I plead for the opportunity to make a contribution, a contribution of careful, conscientious, and constructive thinking and acting—an all-out endeavor to win the war.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to include at this point, and as a part of my remarks, the letter to which reference has

just been made by my good friend, the chairman of the Republican Congressional Committee, the distinguished gentleman from Pennsylvania [Mr. DITTER], in order that it may be read in connected form.

The CHAIRMAN. Is there objection? There was no objection.

Mr. CANNON of Missouri. The letter is as follows:

DEMOCRATIC STEERING COMMITTEE,
CLARENCE CANNON, *Missouri, Chairman*,
WILLIAM T. BYRNE, *New York, Secretary*,
February 16, 1942.

(Personal.)

DEAR COLLEAGUE: The chairmen of the Democratic and Republican National Committees officially opened the congressional campaign the 1st of the month.

And the next week, on the first administration bill up, the House Republicans handed us a Pearl Harbor.

With no national issues and no ammunition they closed 2 days of debate with one of the cleverest coups and one of the most effective political appeals to the country that has been seen in the House in the last 20 years.

There were no fan-dancers in the bill—and none in any former bill—but the Republicans put them in the bill by smashing over an amendment to cut them out of the bill.

The only purpose in offering the amendment, and all the other amendments they offered, was to gain partisan advantage in the congressional elections this fall. Their amendment was an exact duplicate of the committee amendment previously adopted. It meant nothing in the bill but was planned to beat Democratic Congressmen and elect Republican Congressmen and control the House in November.

They would have gotten nowhere if their amendment had not carried. If defeated, it would have received one short paragraph in the papers. But when they amended an administration bill, drawn by military and Treasury experts and approved by the Budget Bureau, that was news and hit the headlines in every metropolitan paper in the United States.

Democratic Members were responsible for the success of the Republican blitzkrieg. Out of the 263 Democrats in the House the highest number of Democrats on the floor for any teller vote was 80. The Republicans had their Members on the floor and won by 8 votes.

A similar bill comes up tomorrow. The Republicans will again be on hand to make political capital out of it.

These bills do not originate in the committee. The War Department, the Navy Department, the Treasury Department, and the Bureau of the Budget have all spent weeks on them. Nothing is included that ought not be there. If they have any fault they have been cut too close. Every item in them is needed to back up American armies fighting losing battles on a dozen different fronts. Their passage ought to be controlled by military considerations and not the political considerations the Republicans inject into them.

The flood of vicious newspaper abuse of the last 2 weeks which has been making political medicine for this fall, will be intensified by Democratic support of Republican amendments in the Committee of the Whole tomorrow.

On these crucial bills depend our hope of winning the war. They deserve the support not only of Democratic Congressmen but of all Congressmen.

Very truly yours,

CLARENCE CANNON.

Mr. CANNON of Missouri. Mr. Chairman, I am gratified that the gentleman from Pennsylvania has received a copy of

the letter. Apparently it has had a very salutary influence. I shall be glad to have the letter appear in the RECORD in connected form, and trust those who read it and who desire to judge the degree of its effect will read in connection with it the debate of February 9 which gave rise to it, and then by way of contrast, the much subdued debate on the bill now before the House.

I yield 15 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM of Virginia. Mr. Chairman, this much discussed letter seems to have at least accomplished two good purposes: It brought my Democratic colleagues to the floor of the House this afternoon to attend the consideration of this bill, and it gave my distinguished friend and beloved colleague on the committee, the gentleman from Pennsylvania [Mr. DITTER], a chance to assure us of a thing which we already knew—that he, above all others, would never be the man who would dare take partisan advantage of any situation. I appreciate the purification speech of the gentleman from Pennsylvania, and I hope that as we read some of his other utterances of days gone by, when he has spanked the Democrats pretty hard, that we feel that then he was being patriotic and not partisan. But, Mr. Chairman, while discussions of this kind may be entertaining and to a degree they may cause our emotions to rise a little, I am wondering how much they contribute to the job we have to do. There should be but one consideration of a Member of Congress today—but one—and that is, What can we do to help win this war? I need not stand here again and tell you of the critical hour that faces us. We ought to consider carefully everything that we do and consider well what we say. This is not the time, my friends, for idle and ill-considered speech, whether it be made from patriotic purpose or because of partisan zeal. The people of this Nation are alarmed, and they have just cause to be alarmed, because the menace of war hangs like a heavy pall over our land, and when a Congressman takes the well of this House and solemnly proclaims a fact it falls back upon listening ears at home, and it helps to mold public opinion. Let us be careful. God forbid the day ever shall come when a man cannot criticize if he wants to criticize, and certainly no one wants to stop that, but let us weigh carefully—let us apply the acid test to our words and our utterances. Is the effect of that utterance, is the purpose of it, is the objective of it to help make a safe, better, surer program of defense, or has it some other purpose?

My dear friend the gentleman from Indiana [Mr. SPRINGER] took the floor this afternoon and called upon the President and the War Department to send relief to General MacArthur. I have heard many people say that. There is not a man on the floor of this House who has greater reverence and appreciation for Douglas MacArthur than has the President of the United States and the Chief of Staff of the Army and the Secretary of the Navy and everyone else, but if you will be just a little realistic, if you

take a map and put a pin on the Philippine Islands and draw a circle of 1,000 miles around it, you will see that the sea and the air are under the control of the Japanese Nation at the present time.

That is what you will find when you look at it realistically. No man upon the floor of this House would have to call upon the War Department to send relief to MacArthur if it were humanly possible to send relief there any more than has been sent. Douglas MacArthur is doing his job as a soldier. God grant that we do ours as well as he.

The great Raphael is said upon one occasion to have gone into an art gallery with a friend of his who was not quite so artistic. He wanted to show him a great painting by a great master. It was a painting of the rising sun. Raphael stood there with uncovered head looking at it. He tried to point out to this friend some of the beauties of it. He looked at his friend and he saw that his friend was looking at the corner of the canvass. The friend said, "Yes, but what is that in the corner?" Raphael said, "My God, man, that is a flyspeck. Do not look at that. Look at the rising sun. See the glory of it as it comes up over the horizon. See it as it sheds sunlight and warmth on a stricken world. Do not look at the flyspeck. Look at the rising glory of the sun."

Today the American Nation is awakening. Just so sure as we sit quibbling here upon the floor of this House there is framing in the hearts and souls of the American people the determination that the things for which they have lived, the things that they love, the things that were purchased by the blood and tears and sacrifices of their fathers shall not perish from the face of this earth. It has been a hard thing to awaken this country. Appeal after appeal has fallen upon deaf ears, and while every Member here has a right to criticize whomsoever he pleases, let the record speak the truth. Let the record show the facts. There is one man in the picture that no man upon the floor of this House, however he may feel about him personally or politically, can say that he did not come to the American people and warn them time after time of the impending danger, pleading with them to set our defense house in order. Oh, it was June 1939, months before Germany invaded Poland, that the President of the United States asked the Congress to repeal the embargo provisions of the neutrality law so that America, in accordance with international law for ages past, might sell to Great Britain and France the implements of defense. What did we say? "Warmonger! Trying to drag us into war. Trying to equip us so that we can go to war. Who is going to jump on us?" some asked. You remember those utterances—and this House of Representatives, under pressure and by a close vote passed the bill. Another body refused to pass it. A filibuster was staged. The Congress adjourned. Germany invaded Poland and then, and only then, the Congress passed a revision of the Neutrality Act which permitted American industry for the first time to take orders, to go into production to

some extent of the things for defense. Precious time had been lost.

It has been a hard fight. The Navy Department said to Congress, "We would like to fortify Guam." "Warmongers!" they said again. "Why, that will offend Japan. Who would dare offend Japan?" "We should not do it." And Guam was not fortified. You know the result.

Then came the invasion of Poland. Then the threat came closer. Pass a conscription act, the President asked, so that we may train an army. A fight ensued. More time lost. Amend the conscription act. Another fight ensued. More time lost. Pass lend-lease, asked the President. Another fight. More delay. Every step of the way bitterly contested by men who stood in the well of this House and told us time after time that the thing that has happened, could not happen.

So, gentlemen, when we criticize let us be willing to take that part of the responsibility which belongs to us. American industry would have been under production months ago, our program would have been going months ago, if we had followed the leadership of the President in this regard. I do not need to tell you I have differed with the President many times, and shall probably differ with him many other times, but no man can make a case against Franklin D. Roosevelt in that respect.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I would like to go ahead, if the gentleman will permit.

Oh, gentlemen, the thing about serving in this body is that we make our records. It is not what we say today; it is what we did yesterday. We make our record; it is there. Sometimes we point to it with pride. Sometimes it comes up to plague us. Let us be careful. Let us censor what we say and do. Let us err on the side of supporting our leadership. No man here today should try to advocate the Democratic Party or to promote the Republican Party. Let us get away from that. It does not make a lot of difference in the sum total of things. That is not the thing that counts today. The thing that counts today is to support the respected and accredited leaders, because it is those leaders who are going to carry us to victory or down to defeat in this effort. The Constitution of the United States has made the President our Commander in Chief, whether we like it or whether we do not like it. Support him in his great effort; hold up his hands. Cordell Hull, the Secretary of the Navy, the Secretary of War, general Marshall, Admiral Stark. Go on down the line, where are you going to find men with the experience, with the knowledge, with the interest, who can do a better job than they, even though they make mistakes and make blunders? We have made mistakes and blunders. Yes, and there will be more. There has been a Pearl Harbor. God help us, and there may be another some time. I do not know.

This business of war is not all on one side of the picture. We have to be prepared to take it and stand up under it,

and not to lose our faith in the things we stand for and the things that we are trying to do.

I know this very well: I know that if you can have the spirit in this body, right here, to go on through this emergency that was here on December 8—you remember December 8, do you not? You remember the 7th, of course, but December 8—ah, there was unity, there was a single purpose, there was a single determination; that was to do this job and to do it right and as quickly as possible.

What are we trying to do? We had to start from scratch in this country. We were a lazy, sleepy, complacent, self-satisfied Nation that thought we were protected by two oceans and that was all we needed, that we could thumb our nose at the rest of the world and let them have their little European squabble, as we called the world struggle, and we could stay on our side of the water and let them go hang. That is the way many felt about it. No one person is to blame for it. The Republican Party is not to blame for it any more than the Democratic Party is to blame for it. There were a few people who continually cried out for more defense. If I may be personal for a moment, my record in this House for 20 years is unbroken in calling and continually calling for a stronger Army and Navy and air force. There were some others who felt the same way about it, but they were like Churchill: People did not take it seriously. We were satisfied, and a year and a half ago we had to start from scratch.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman from Virginia 10 additional minutes.

Mr. WOODRUM of Virginia. We have gone out and places that a year and a half ago were cornfields are now munitions factories, places that a year and a half ago were swamps are now building tanks. Whereas a year or two ago an occasional airplane came off the assembly lines, today American-built planes are in every theater of war in the world, and everywhere they have been tried they are proving superior to every other plane. Whereas less than a year ago the building of a tank was an occasional thing, now they are rolling off by the dozens every day—and they are superior to all others. Whereas a year or two ago we launched a ship occasionally, now we are getting a ship every day. Every time the sun sets, a cargo ship slips off the ways. On yesterday down in my home State, Virginia, 9 months ahead of schedule, we launched a 35,000-ton battleship, the *Alabama*, one of the latest and finest things that floats the seas. Oh, Mr. Chairman, let us not be discouraged about this thing. You can not transform a peaceful nation into a war spirit and a war nation in a day; you cannot get ships, or tanks, or guns out of stores, you have got to make them and you have got to build the facilities to manufacture them; you have got to get the raw material and train the workers, and you must have money. That is the reason we are putting money into this effort. Our production is coming into full bloom.

The victories Japan is winning today are temporary victories. Do not forget, if you please, that when Japan loses a plane it cannot easily replace it. Over 80 percent of the productive capacity of Germany and Italy and Japan is today employed, and we have not yet gotten 25 percent of ours working. There can be only one result if we have the courage, the wisdom, and the stick-to-it-iveness to keep at this job that is laid to our hands. I am proud of what this Congress has done. We quibble and squabble a good deal sometimes, but ultimately we come out right. I still believe that it is the best system on the face of the earth. With all of our bickering, and squabbling, and difference of opinion, the ultimate judgment of this body is usually good. Mark that down, if you please. We err every once in a while, but ultimately when you finally get down to the grass roots of it and to final action the result of the work of the legislative process in America has been wholesome, and it has supported our institutions; it has given us a great nation and a great country. We have a great job to do, and we are going to do it as great Americans should do it.

I am glad to have this chance to say a word or two here today not as any lecture but as an appeal to my friends, to my colleagues on both sides. Let us take seriously this job. The shadow of this thing falls over every home in America; it does not fall just over the Democratic homes or the Republican homes; it falls over all of them. Republican boys are in the camps along with Democratic boys; they are all there together. It is according to the way you and I do our job as to how quick we can get them out of there or how many have to remain back there under little white crosses. This bill today speeds up the great defense program; it sends aid to those valiant people over there who are giving of their blood in this cause. It sends them some of the implements with which they can fight this war. What a tragedy it would be if this country—and I do not think it will, I am sure—hesitated in supplying those planes, those ships, those weapons of defense which they need. So I ask for this bill and other bills that may follow it. Let us consider them on their merits; let us consider but one objective, and that objective is to win the war.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, it is not my intention to devote my time to remarks on the speech that was just made. In passing, however, may I say that I think it is a trifle early to talk about the record of these years. Only history can pass judgment on what has been done and the records that have been made. Only history can say whether we should have stuck by the decision of 1935 to pull out of the Orient and free the Philippines or whether it was worth what it will cost to run the show over there. Such questions, however, in my judgment, should be put on the shelf for the duration of the war.

True, some of us have not liked the direction of the steps that we have been

taking the past few years. We were not averse to the United States shouldering her responsibility as a member in the family of nations—personally I always believed we should have adhered to the World Court—but many people did not like to be taking these late steps short of war, steps in the direction of a war for which we were not ready. We wanted to husband our resources and make the United States too strong for any nation to attack. We wanted to see the United States so strong that when she spoke, respect would follow and not treachery and insult. What has happened, however, has happened, and our job in the days ahead is to make certain that such insult and treachery will never happen again. We should run the race that is set before us. We should quit post-mortems. As Winston Churchill has well said, "When the present quarrels with the past, there is no future."

The gentleman from Virginia deemed it in order to indulge in a defensive eulogy of the President. I shall not quarrel with him. It has never been my policy or habit to engage in personal, carping criticism of the Chief Executive, and it never will be. I respect him as the President of my country who has been entrusted with a tremendous responsibility. I want him to succeed. I may have differed at times on the wisdom of the course he was pursuing. It was my responsibility as a Representative to speak and vote my convictions. I may have thought that he should have talked less and got a bigger stick, but I have never indulged in personal abuse. When decisions have been made, I have accepted them and have moved on to new problems in the light of the decisions made.

Today, then, the question should not be, What has happened in the past few years. The proper question is not how we got where we are. It is, Where do we go from here and how do we get from here to where we want to go?

Appeals have been made for unity in the consideration of this bill. Appeals have been made for unity in the country today. It is my own opinion that the people of the country today are united, but they are somewhat confused and we may be to blame.

Unity is achieved by common sacrifice in face of a common danger. Unity is something that you cannot regiment into a people trained in democracy. You cannot scold or preach them into unity. Unity is a thing that grows. Unity is a thing that comes by getting rid of the things which destroy unity. Unity is a thing which comes by getting rid of things which produce disunity. In that spirit I want to suggest three or four things that I think will contribute to the prosecution of the war and permit this unity which exists in the people to express itself in the action of Congress and the administration and our war leaders.

First of all, may I say, and I say this earnestly, that the Congress should start by cleaning its own nest instead of feathering it. When I say that the Congress ought to clean its nest instead of feathering it, I mean that without further ado and quibbling the leadership of Congress should permit a bill to come in here

for the immediate repeal of the so-called congressional pensions. Granted that it has been painted as an outright pension when it is in reality an extension of the retirement system already existing for thousands of others, the fact remains that it has shaken public confidence in Congress as nothing else in a generation. The bill was slipped through the House with only a partial explanation, made worse in the Senate, and then concurrence was obtained in a way that is no credit to our procedure. To explain that procedure is to condemn it. The sooner this is undone, the better. I have here a letter from a rancher friend of mine which came this morning. Here is a man I know to be a man of ordinary, sober, conservative judgment. In a very well-reasoned letter, a letter which I know it took him some time to write because he is not accustomed to writing letters to anyone in any detail, he says:

I do not intend to kick on taxes, except I do not see why in this land we should build up such a huge privileged class. It is a career to be a Federal employee that everyone is striving for now and once there they stay. In this war which to all appearances we are not going to win with our left hand I think it is time to cut down not only on Government employees but also on what they vote for themselves.

Now, personally I did not vote for the bill either time. I voted against it in 1939. I was not on the floor when it came up recently. Due to time that had been taken in hearings on defense appropriations, I was working on matters postponed on my own desk; but I do accept some responsibility as a Member of the House. So I say, Mr. Chairman, first of all we should clean our own nest instead of feathering it, by repealing the language under which the President and Congress made themselves eligible for retirement pensions.

That is the first and best thing we can do for the country today.

Secondly, the administration should clean house of boondogglers and employ men with brains and experience to carry on the war in every capacity and in its related programs, regardless of past prejudice, party affiliations, or political pride.

Reference has been made this afternoon to the action of the House on a previous appropriation bill, which was not primarily a supplemental defense bill but a deficiency bill. The only reason certain amendments were offered to that bill, as I understand it, was because the hearings on that bill and the tables printed in detail under name, position, and salary indicated that certain dancers and playboys were going on the Government pay roll to administer or carry out the functions for which appropriations were proposed in that bill. It may be true that their salaries would not come directly out of the funds in that bill; but if so, they were to come out of the President's emergency funds allotted to the O. E. M. and allocated to the O. C. D. To speak by amendment to the bill carrying funds for the activity was the only way the Congress could speak. The tables in the hearings and the howls that have followed are ample evidence that

the amendments were striking at the right spot.

I have a letter here from an insurance man, commander of the American Legion in the largest city in my district. He says:

General MacArthur and his men make such a gallant stand that someone in Congress suggests that we pay them overtime for their efforts; then Congress votes pensions to themselves.

Three United States destroyers encounter a Japanese flotilla in the straits and make a historical maneuver against overwhelming odds; while in Washington they put a fan dancer on the pay roll at \$4,600 per year "to teach the children poise in the event of an aid raid."

I will read from a few more letters because these are bona fide letters from people I know. They reveal what people are thinking, and I put them in the Record here today because I want the Record to show that the people are in earnest about prosecuting this war, and they want to be done with boondoggling and foolishness.

Mr. HOUSTON. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Kansas.

Mr. HOUSTON. Did anything in those letters indicate that the people want to repeal the \$130,000,000 subsidy that we give the press?

Mr. CASE of South Dakota. I have a letter on that subject and I will be glad to show it to the gentleman if he will come to my office.

Mr. HOUSTON. The gentleman is in favor of repealing that law as long as we are going to repeal all of the boondoggling?

Mr. CASE of South Dakota. I am in favor of saying that proper contributions should be made to the various agencies of the country that contribute to the prosecution of the war effort and the maintenance of our system of Government. I would measure pay to the newspapers by what they are doing in that regard. There is no substitute for public information by a free press in a republic.

Mr. Chairman, further with regard to the subject of cleaning house, it seems to me that in the hearings on this bill a fact was developed that ought to be brought to the attention of the country. We were told that there is an allocations committee today which is dividing the munitions that we are creating by these huge billions of dollars. General Wesson is Chief of Ordnance. The largest single item in this bill is \$13,000,000,000 to create ordnance, to create ammunition, to create arms. That is the biggest single item in this bill.

I asked General Wesson, who is the head of that department, whether or not he was on the Army and Navy Munitions Board. He said, "No." I asked him if he was on the Joint Allocations Committee headed by Mr. Harry Hopkins. He said, "No."

Further questioning during the hearings developed that this Allocations Board consists of three representatives of this Government and three representatives of the British Government, plus a man with the deciding voice, Chairman Harry Hopkins.

Mr. Hopkins may be a brilliant spender in work relief. He may be a great director of W. P. A., but testimony has never been brought before the Congress that he is a great naval or military strategist, such as would qualify him to have the deciding voice in the distribution of this equipment.

Within 90 days this country faces the possibility that a foreign foe will be hammering at the doors of Panama, Alaska, and the coasts of this country, and the final decision, the deciding voice, as to where our munitions are going to be allocated rests in the hands and the mind of a man who made his reputation as a great W. P. A. director.

If we are going to win this war, it is time that we use the best brains we have in the field of invention, in the field of geographical knowledge, and in the knowledge of races and people and in knowledge of military and naval strategy. I do not want to see all our equipment kept at home; neither do I want to see it scattered from Sitka to Singapore and from Iceland to India, and spread so thin that it is worth nothing anywhere. I want the best military and naval brains we can command saying where it shall go. I want to see enough of it put at some point where men are ready and able to use it and able to strike hard enough to hold what they take. I hope you will read testimony in the hearings on this point.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 additional minutes to the gentleman from South Dakota.

Mr. CASE of South Dakota. The third thing needed, it seems to me, is that the administration and Congress together should equalize the burden of the war. Almost every Member of this House has some time or other said that he is in favor of the universal service program of the American Legion, yet we are permitting to be piled up in the record of this war such things as the shipyards fiasco where a representative testified that they would have to have a steamshovel to handle their profits. We need some clear-cut legislation to recapture exorbitant profits when they are exposed.

I know that prices are going up. I think that General Olmstead in his testimony before the committee put it very well when he said:

Of course, prices are going up. When you send your washing to the laundry and ask to have it back the same day it costs you more.

It is true that we are in a speed-up program, yet when a man will testify that his own company is making so much profits that it takes a steam shovel to handle them, something should be done. The administration and Congress should devote themselves to proper legislation on that subject.

Then, just as we get after the profiteers among the employers, attention should be given to the labor racketeers who have been unable to see the difference between peace and war. As one member of the Appropriations Committee recently said within my hearing:

The Old Man of the Sea that is wearing down the war effort and the sacrifice of this

country today is the clinging to labor laws that were designed for peacetime and never intended for wartime.

We cannot win this war on a 40-hour week basis. We cannot win this war if we permit peacetime labor rules to dictate speed and division of work.

A Member of Congress told me that in his district he saw a defense project where four ditches were dug side by side because of a jurisdictional quarrel—one for the water main, one for the electric energy lines, one for the sewer, and one for the gas. There were four separate ditches side by side, when all of those utilities could have been put in one ditch at a great saving of time and money.

I recognize that sacrifice is not even in time of war. In the history of the world, freedom has been preserved only because some people made greater sacrifices than others; yet it is our responsibility to make the burden borne as equal as possible. In the words of an officer who testified before us, "If anyone is gypping the country, Congress should see that he gets soaked."

The fourth thing that I think ought to be done by Congress in the prosecution of the war is to establish a unified command. I have introduced a bill on the subject, H. R. 6576. It does not propose a sweeping, upsetting reorganization, but it would establish a central defense command with zone defense commands. I have made remarks on this subject previously and I shall not go into it further at this time.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. The gentleman speaks of the possibility of legislation for recapturing exorbitant profits. I believe it is fair to state to the committee that the subcommittee gave some thought to that matter, and it was the unanimous opinion of the subcommittee that that question ought to be given most careful consideration in view of the experience we have had to date.

Mr. CASE of South Dakota. I am glad the gentleman from Massachusetts recalls that to mind. In that connection, it should be pointed out that General Olmstead, in the Signal Corps, and General Wesson, in the Ordnance Department, both referred to sections they were setting up for the purpose of auditing profits of the companies which were getting contracts. Some progress is being made, but it is clear that something further must be done if we are going to recapture the exorbitant profits when they are made and prevent profiteering wherever we can.

Now I shall read a little further from letters that were in my mail this morning. One writer says:

The children in the Rapid City schools buy \$1,500 worth of defense stamps the first month the plan is in operation, while an eyewitness reports that at a training camp that is being built on a "cost-plus" contract each night a pile of scrap lumber as big as a seven- or eight-room house is sprinkled with kerosene and burned, and I assume we pay "cost-plus" for the kerosene as well as the lumber.

The defenders of Singapore win the admiration of the world—along with, in all probability, an early death—while in the San Francisco shipyards twelve or fifteen hundred welders strike because some of their number wants to join an independent labor union.

It is these things coming to the attention of the people that are destructive of unity. The responsibility rests upon the Congress, instead of quarreling about how we got here, to put a stop to such procedure.

Another letter brought a copy of a directive that has gone out from the Director of the Selective Service System to the various draft boards of the country in which it is suggested that serious consideration for deferment be given to labor organizers.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield to the gentleman from South Dakota 3 additional minutes.

Mr. CASE of South Dakota. National unity is not going to be helped by deferring labor organizers. Not while homes are being broken. Not if they feel that labor organizers responsible for \$15-a-day racketeering are to be deferred under advice of the Selective Service Director while they go to camp at \$21 a month.

I received a letter from a woman this morning. She wrote one of the most sensible letters I have ever read. In part, she says:

The people as a whole are not apathetic or under any delusion as to the seriousness of the struggle in which the country is now engaged. Nowhere have I found anything but a grim determination to see the thing through, come what may. Rationing was expected and not too much dreaded. Selective service in much wider application was also expected. A Defense bond rally had excellent results. * * * I have traveled some. I have made it my business to talk to people from other sections as I travel and think I can honestly say that the country is pretty well united. But I do think the country, as a whole, is confused as to the means to be employed in gaining the desired victory.

There is nothing the ordinary individual wants more than to be told what to do. He will round up scrap aluminum or scrap iron. He will volunteer for radio spotters jobs, but he likes to see his efforts correlated with those of his fellow citizen and he wants to see results. I don't think he wants inside dope, necessarily; he just wants assurance that the tremendous power of which he is capable is being directed in a straight line and not in circles.

The roar of indignation that rose from the Nation as a whole the past few days when Congress and the Office of Civilian Defense both gave signs of attending to something beside the matter in hand should be proof that the Nation is not apathetic. It raised a howl when Congress voted itself pensions, not because of the money involved, but because it looked to the man in the street like a turning aside from the main purpose. It may not understand the necessity for morale building by amusements; I suspect that's because there's nothing wrong with its morale; but it does understand that it needs gas masks and intelligent planning for civilian defense. In other words, it believes in putting first things first.

Mr. Chairman, that was a letter to renew one's faith in the American people. I am not pessimistic. I have heard some

pessimism expressed but I have heard too much testimony on these bills for defense appropriations to be pessimistic of the outcome. I know the mountain of ammunition and the tremendous number of machines that are being prepared and put into being for an offensive at the proper time, but if the country is going to feel that the Congress is tackling the job that belongs to us, we must clean out our own nest. We must tackle these jobs that I have mentioned. Uncle Sam is not beaten. In the words of John Paul Jones, "He has only begun to fight."

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, the \$32,000,000,000 appropriated in this bill raises to \$142,000,000,000 the amount we have authorized for national defense during the last 2 years. Of this sum, over \$80,000,000,000, including this bill, have been authorized since the attack on Pearl Harbor on December 7. This is at a rate of over one billion per day.

I have voted for every dollar of this money. Before December 7, I was very apprehensive about world conditions and the international situation, and I believed we should prepare our defenses and get ready as quickly as possible.

Mr. Chairman, we can vote appropriations and the President can spend the money authorized, but only the people can pay the bill. The Government itself, as such, has no money. Its only source of income is through taxes levied upon the people. They will feel the burden of these enormous expenditures for at least 50 years or longer.

I am sure the people of this Nation are willing to go to any expense and make any sacrifices necessary to win this war. I know those whom I have the honor to represent feel that way. They are ready to give their substance and their lives, if need be, for the right for themselves and their children to enjoy the liberties and blessings of American citizenship.

In return, Mr. Chairman, they have the right to expect and demand that every dollar of this money be put to a good purpose, that it be wisely spent, and that no one be permitted to reap an unfair profit. Merely voting for these appropriations should not end our responsibility. We should go further and enact such laws as may be necessary to prevent and prohibit excess war profits.

Many of you will recall the experiences we had in 1917 and 1918, when a new crop of millionaires was created through excessive war profits. Recent investigations have shown that we have numerous cases of the same kind in this war. It should be stopped and stopped at once, Mr. Chairman. We should not permit unpatriotic manufacturers and munition makers to make millions out of war profits while the cream of American manhood is out on the far-flung battle line at \$1 per day.

I fully realize that time has now become of greatest importance. We must work fast. We must get planes and guns and ships to the battle front. A few months from now may be too late. Our

boys are dying today because they do not have adequate protection from the air and the sea. I am willing to pay any price to get these planes and ships and move them to the front, but I am not willing to stand by and permit those who make these planes and ships to take advantage of this emergency and reap unfair and excessive profits.

Several committees have been conducting investigations. Several bills have been introduced. But nothing has been done about it. I think it is time to give this House an opportunity to vote on a bill to limit war profits to not over 5 or 6 percent. I think it is time to enact a tax measure that will contain a plan for the recapture and return to the United States Treasury of any and all war profits in excess of such percentage.

Every Member of this Congress is a taxpayer, a heavy taxpayer. It appears now that for many years to come, from a third to a half of your salary as a Member of Congress must go for income tax. You know how heavy that burden will be on you. Well, just think how much heavier it is going to be on those less able to pay.

Mr. Chairman, not only has the time come to stop these excessive war profits, but we must also cut out every expense that is not necessary for the winning of this war. I am greatly disturbed over the attitude of many people here in Washington. It seems that there are still many in the Government who think more of social security than they do of our national security, who insist in carrying on every social and other program which we enjoyed in times of peace and plenty.

I certainly would not want to destroy the great reforms of the last 10 years, nor forever abandon the programs for the protection and benefit of those who cannot protect themselves.

But we are at war. We are in a great world war. We are fighting for our homeland, for our right to remain free men, for our loved ones. The issue has been made, the die has been cast—it is a fight to the death. It is time to strip for action. Our every thought, our every effort, our every dollar, should be devoted to the one great task of winning this war.

Of course, the ordinary functions of government must go on, but outside of that we should see that every dollar we authorize will contribute to our national safety and security. Down yonder in the White House we have a Commander in Chief working day and night, almost without sleep. I have every confidence in his leadership. But he has not the time to watch these expenditures and these profits. We should take that burden from his shoulders and carry it ourselves.

The time has come to act.

[Mr. PACE asked and was given permission to revise and extend his own remarks in the Record.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I agree with nearly all that has been said here this afternoon by the distinguished majority leader and by the distinguished gentleman from Virginia [Mr. Wood-

rum]. I think we are all united upon a single purpose and that is doing everything we can to win the war and keep the people satisfied and keep the people unified. In order to do this I think we ought to be a little more careful about some matters of detail, one of which is the rubber situation. I had a talk with Mr. Henderson the other day and called his attention to the fact that we could save a lot of rubber by providing a sufficient amount to repair tires and to keep the small tire-repair shops in business, so that those who were called upon to use their trucks on what we call secondary roads, such as farmers and stockmen use, would be able to get their tires repaired; that is, the breaks repaired when such breaks occur. It would cost much less and take much less rubber to repair the breaks than it would to retread the tires. I am sorry to say that I could not get very much encouragement from Mr. Henderson.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman.

Mr. MURDOCK. I agree with the gentleman thoroughly in respect to furnishing more material to tire repairers. I find the same condition prevailing in my part of the West which the gentleman has just indicated. I also asked Government officials here whether there would be priority given to the small businessmen who mend tires. I was told there would be some consideration. However, it seems that there would be merely allotted an amount which they had used over a like period previously. I think in view of the fact there will be so much more of this mending necessary under tire rationing that there ought to be granted a larger allotment to each legitimate concern than it used in any like period before.

Mr. O'CONNOR. I thank the gentleman.

It seems to me it is just as important to keep the farmer in such a position that he can take his produce, butter, eggs, and milk or whatever he produces on the ranch to market as it is to serve in the Army. In other words, we have got to feed the Army and it is the farmers and the producers of the country who are going to be called upon to do this. If they cannot get their tires repaired for their trucks, and so forth, how are they going to market their produce?

I want to call your attention to an article which appeared in the Washington Herald as of February 11.

This article was written by Walter Trohan and I do not vouch for its authenticity, because I do not see how anybody after observing the manner in which the so-called pension has been misrepresented to the country could go very far in defending newspapers, but the truth should be looked into. I quote from the article:

The United States, which has placed its citizens under strict tire rationing to conserve rubber in the interests of national defense, is purchasing tires in Canada and giving them to Britain under lend-lease.

Under one contract this country is shipping more than \$19,000 worth of Canadian-made tires and tubes to Britain each month.

At the same time American workers in the rubber industry are being laid off for lack of work.

The Canadian contract is said to be one of many this Government has concluded under lend-lease. A prominent tire manufacturer reported that half the 200,000 tires produced in this country for military purposes are being shipped abroad under lend-lease.

The Canadian contract for \$19,138 worth of tires and tubes was made with War Supplies Limited, a British-Canadian agency, which has offices here to facilitate acquisition of lend-lease funds.

I noticed that the other day Canada contributed, I think, a billion dollars to carry on the war in behalf of Great Britain. If we are buying these Canadian tires and giving them to England, I would like to know why, instead of doing that, if Canada wants to help Great Britain, she did not turn over to her the tires that we are buying from her and giving to England under lease-lend. I want to help our Allies, but I also want some protection for our own people.

The CHAIRMAN. The time of the gentleman from Montana has expired. Mr. CANNON of Missouri. I yield the gentleman 1 minute more.

Mr. O'CONNOR. Mr. Chairman, I conclude by saying this: We all love unity, but we have to have unity with the people back home, as well as in the Army and in Congress. We are all here of the same mind. Every Member of Congress has but one purpose—one objective—in his mind, and that is to win this war. There is no politics in that. We have just as much patriotism on one side of the aisle as on the other. We are all American citizens first, Democrats and Republicans second, or maybe last. So far as I am concerned, I care nothing about politics; my political future amounts to nothing to me. I want to do what I can to help win this war, and I want to give a square deal to everybody, including the people back home, who are going to help pay this bill and who are going to be called upon to feed the Army.

The CHAIRMAN. The time of the gentleman from Montana has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. RICH. Mr. Chairman, I cannot help taking exception to some of the things said here this afternoon by the majority leader when he condemned the gentleman from Kansas [Mr. LAMBERTSON] because of his criticism. I think his criticisms were just, and the political situation that seems to go along with this bill does not suit me. I say to the majority leader, people who live in glass houses should not throw stones. I am interested in maintaining the four freedoms for all the world, but I am more interested in maintaining the four freedoms in America, and I yield to no one in giving my support to everything that is for the American people and the American form of government. I am an American first, and I may say that some

time in the past, to be correct, before December 7, I think we could have handled things so that we would not be today at war, but on December 8, after the attack at Pearl Harbor, I voted for war and ever since that I have been prosecuting the war with every ounce of energy I possess. I want to see it handled in such a way that when the time comes when there shall be constructive criticism, that we will feel it to be our duty to make such criticism, because there is no use of letting ourselves go on and have any further Pearl Harbors, particularly when the people of this country realize that every time the Dies committee reports somebody as communistic, it is only a few days until we find that person on the Government pay roll. I think that is a terrible situation to be in. I am afraid of the trouble that might come from within almost as much as I am from that which may come from without. We have to guard ourselves from both within and without. We want only 100 percent Americans running loose in the country.

We have this appropriation bill here today for \$32,000,000,000. It was brought into the committee room at about a quarter after 10 o'clock this morning, and at a quarter after 11 o'clock we were through with it in the Appropriations Committee. We brought it here to the floor of the House at 12 o'clock. I tried to listen to the debate this afternoon, thinking that I, as a member of the Committee on Appropriations, would get some information as to what the bill meant in construction of arms. I have heard all of the speakers this afternoon, and I wonder how many Members in the House know what is in the bill. I do not, and I do not think many of the rest of you do. You are putting your confidence in the people who wrote this bill, and mighty few know what it contains. They do not know who wrote the bill either. There is in this bill a provision, and I do not like it, under section 3, which grants authority for the President to give away \$5,330,000,000 if he sees fit. I do not like that, and never did, because I realize that I am for the defense of America, and I want to see American shores defended before we lose everything that we have got. We have talked of our national defense for several years. Do we have it? Did we have it at Pearl Harbor? Did we have enough at the Philippines? General MacArthur certainly asked for more defense, and we have not had it because we gave too much of our arms, ammunition, airplanes, and ships away to others.

The chairman of the committee mentioned the fact that the lease-lend in this bill was \$5,330,000,000, but in section 2 of the lease-lend agreement it provides there are \$3,852,000,000 to be given the President for giving away. I think the Congress ought to have a little more control over the funds we are appropriating. It is all right to try to help our Allies. I want to help them, but I think we ought to know where this is going and who is getting it and what they are doing with it. With the \$19,000,000,000 we have already given to the President under the Lease-Lend Act, and from this bill, will make a total of \$28,000,000,000

to give away. That is a pretty big sum of money to hand out to any man to distribute, especially, when the man who is now President, with his record of giving things away. He has the habit. He will wreck the country. He will wreck our people. We must win this war. I say to the Congress, "Open your eyes." Keep your feet on the ground, and if you have a mind and brains, think. Then act accordingly.

[Here the gavel fell.]

(By unanimous consent, Mr. TABER, Mr. WIGGLESWORTH, Mr. WOODRUM of Virginia, Mr. CASE of South Dakota, and Mr. DITTER were granted permission to revise and extend their own remarks.)

Mr. SHAFER of Michigan. Mr. Chairman, I ask unanimous consent to revise and extend my own remarks at this point.

The CHAIRMAN. Is there objection? There was no objection.

Mr. SHAFER of Michigan. Mr. Chairman, the mere appropriation of money will not win this war. When the bill now under consideration passes this House we will have established a new all-time record for appropriating money that presently we do not have but hope to get from the people of the United States. Every new appropriation places a new responsibility upon the American people and upon this Congress.

In that dual responsibility, we cannot discharge our obligation to the people unless we insist that every dollar we appropriate here is carefully and properly spent for the war effort and for no other purposes. This bill appropriates a sum so stupendous that the mind of man can scarcely comprehend the vast amount of wealth that is being poured out to defend our Nation and perpetuate the ideals of the founders.

Mr. Chairman, in this tragic hour I have faith in the people of this Nation. I know that they are prepared to make every sacrifice necessary to insure victory for our cause. But I believe our cause can be buttressed and strengthened by an attitude of complete frankness with the people at all times. We are a hardy people; and if the going gets tough, we can take it; and if the load gets heavy, we can grin and bear it.

In recent weeks I have at various times addressed the House on subjects which to me seemed vitally important to the success of our whole program. I do not believe we can maintain our projected war effort and, at one and the same time, continue the programs of a social, economic, and cultural nature that in the past have required huge appropriations.

I believe the time has arrived when we must curtail the music, art, theater, and writers' projects. I think we can cut down on the C. C. C. camps and National Youth Administration and W. P. A. activities. In housing I believe that instead of 11 separate agencies now handling this feature of the program, one consolidated agency would lead to economy and greater efficiency.

We are spending altogether too much for press and publicity services. This is a function that normally belongs to the newspaper profession, and it will be good

for the profession and the public as well when the publishers of our daily newspapers hire their own reporters instead of depending principally upon handouts from some governmental bureau.

So, Mr. Chairman, while I shall wholeheartedly support the present bill, I say here and now that I expect to scan the expenditure of the moneys we are about to appropriate.

If in the days that lie ahead, when these funds are being spent, any evidence of irregularity or misuse in their spending should come to my humble attention, I here and now promise that I will do my utmost to bring such irregularities or misuse to the attention of the Congress and the people of the United States, who after all are the ones who must dig up the dollars, make the sacrifices, and shoulder the principal burdens of this war.

Mr. CANNON of Missouri. Mr. Chairman, I ask that the Clerk may read the bill.

The Clerk read as follows:

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the act of March 11, 1941 (Public, No. 11): *Provided*, That the total value of articles disposed of under this authority shall not exceed \$11,250,000,000.

Mr. LAMBERTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAMBERTSON: On page 5, line 9, strike out all of lines 9 to 18, inclusive, section 102.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Mr. RICH. Mr. Chairman, reserving the right to object, I would like 3 minutes.

Mr. ROBSION of Kentucky. Reserving the right to object, I would like to make a few observations on the bill.

Mr. DITTER. Mr. Chairman, I would like about 2 minutes.

Mr. TABER. Mr. Chairman, I would like about 3 minutes.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection? There was no objection.

The CHAIRMAN. The gentleman from Kansas [Mr. LAMBERTSON] is recognized for 5 minutes in support of his amendment.

Mr. LAMBERTSON. Mr. Chairman, I do not expect to insist on a record vote, I do not expect to move to recommit if this amendment is unsuccessful, but I do think it fair to the Members that we have an honest expression on this proposition, this first item of lease-lend of \$11,000,000,000 that appears in this paragraph.

It is my honest and conscientious opinion that this is not needed at this time. It is not based on any particular expert

testimony, and the people of this country, knowing the great burden before us now to equip and maintain our own Army and Navy, would not be for this proposition. I ask you to vote with me that this lease-lend provision should not be in this bill at least. If you are going to have a lease-lend bill, bring it in as a lease-lend bill. But in this bill is provided a total of \$18,000,000,000 that may be appropriated for lease-lend. That is as much as the national debt was in 1933. What you put into this bill as a side issue is equivalent to the national debt in 1933.

I want to urge you to vote your honest convictions on this matter. Vote what you think your people and yourselves would agree at this time on lease-lend. I yield back the balance of my time.

[Mr. ROBSION of Kentucky addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. RICH] is recognized for 3 minutes.

Mr. RICH. Mr. Chairman, I mentioned awhile ago that title III gives to the President under the Lease-Lend Act the sum of \$5,330,000,000. I cannot understand why they did not put the sum total in that section, if that is what it was intended to be. But in title II, let me read this:

Whenever the President deems it to be in the interest of national defense he may authorize the Commission to lease vessels herein authorized to be constructed to the government of any country whose defense the President deems vital to the defense of the United States.

This section would permit him to give away \$3,852,000,000. According to my figures that would be a sum for lease-lend of \$9,182,000,000 in the bill, and the chairman, the gentleman from Missouri [Mr. CANNON], said he could give away sixteen billion.

I have made this statement on the floor a number of times, I repeat it today. I want to help everybody we can, but there is a limit to the help America is going to be able to give. We give the President in this bill \$9,185,000,000 under the Lease-lend Act, and the chairman of the committee said that out of the total appropriated in this bill, he could use \$16,000,000,000 for lease-lend. This makes a total of over \$28,000,000,000 that he can give away, under former appropriations, a sum exceeding the grand total of the cost to us of World War No. 1. You know and I know we want to help our Allies. We are in this war. God knows I did not want to get into it. I tried to keep the country out of war. I voted for war only because we were attacked at Pearl Harbor. I want to do everything possible to help our allies, but let me point out that at the rate we are proceeding nothing but bankruptcy lies ahead for the United States. I can see nothing for the people of this country but their backs bowed under the weight of the taxes you are going to heap upon them. I can see future generations denied all the benefits and privileges we ourselves have enjoyed and were taught were the heritage of prudence and the

American way of life. What will happen when the day comes that the President cannot fulfill all the requests other countries make upon us? When they come and we must send them away empty-handed because we have nothing to give them, they will turn sour, attack us, fall upon us like a ton of brick. That is where the pinch will come. Mr. Roosevelt has been a too liberal giver, and instead of aiding our country, he is certainly tearing it down.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. ROBSION of Kentucky. The sum, as I understood it from the chairman of the committee and the ranking Republican member of the committee, is \$41,000,000,000 authorized, not \$28,000,000,000.

Mr. RICH. Well, it is a terribly large figure I am sure. While I know something about figures and have tried to understand this administration and its spending, I must confess an utter inability to do so. I realize there is difference of opinion about this bill, and that I do not know if the administration knows what it is doing. I know I do not know what it is doing, except bankrupting America.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOOK] for 3 minutes.

Mr. HOOK. Mr. Chairman, I believe the best argument against the amendment is to be found in the section it seeks to amend, and I believe it may be well to read it at this time:

Whenever the President deems it to be in the interest of national defense.

Are we opposing national defense? If they cut out the \$11,250,000,000 they evidently must oppose national defense because it is to be used only when the President deems it in the interest of national defense. Only then and in that event may "he authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of to the government of any country whose defense the President deems vital to the defense of the United States any defense article." If you cut out this \$11,250,000,000 you are in so many words saying you are opposed to the President's giving any money to any country whose defense the President deems vital to the defense of the United States.

You know, and I know, that Singapore, the Burma Road, Batavia, and many other things and places are vital to the defense of the United States. The Japanese menace continues to flow over Asia, and is threatening Australia. God forbid that Australia should fall. Should that day ever come you would probably see those Jap hordes threatening our western coast and establishing bases there. Did it ever occur to you that if this should happen that our Midwestern States would be open to air attacks and bombings. It is to stop anything of that nature that we are authorizing the President of the United States to use this lease-lend fund in the interest of

any nation whose defense is deemed vital to the defense of the United States.

Our duty on the floor of the House of Representatives is as legislators, not as generals or admirals. We are here to legislate and not direct actions of battle in the field. Let us give to those who are directing the strategic moves on the field of battle in the defense of the United States all that is necessary to defend our Nation and all it stands for. This amendment should be defeated—in the interest of America.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Michigan [Mr. HOFFMAN] is recognized for 3 minutes.

[Mr. HOFFMAN asked and was given permission to revise and extend his remarks.]

Mr. HOFFMAN. Mr. Chairman, the argument just made by the gentleman from Michigan is neither sound nor logical. Those who oppose this lease-lend appropriation do so not because they are against national defense. They oppose it, I assume, because they want national defense first—aid to Britain second. Some of them I am sure do it because they lack confidence in this administration's ability to win this war unless it cleans house, rids itself of the Communists and the wasters, the inefficient.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I cannot yield. Now, for myself, I intend to support this appropriation and I would vote for it today, even if it were larger, because to me no other course is open. The President is Commander in Chief of the Army and the Navy and on his shoulders rests the responsibility for this war and for the conduct of this war. On our shoulders rests the responsibility of giving what he asks, and that, for the present, I intend to do.

But in my humble judgment this administration is interested in something besides the winning of the war, and that something is the preservation of its political power, its political alliance with large groups of voters. I call your attention now to the last few issues of the Washington Star of yesterday and the day before which show that right here in Washington this administration is backing a policy which costs us for the building of houses for the national defense workers almost twice what similar work costs the private builders. This additional cost this administration, for political purposes, is adding to the housing which will be built under the new \$50,000,000 housing project.

When we go along with you on the majority side, when we go along with you and vote for anything and everything you ask for carrying on this war into which the President's policy got us, why do you not clean your own house and give us an honest expenditure of the funds voted for war? Why do you not give us this national defense housing at the lowest possible cost? Why do you not give us homes for the workers at the same price that the individual and corporate private contractors can build it? Why do you let your party and your administration

force us to pay twice what the private builder asks?

We will vote with you for this money, or at least I will. I speak for no one else. I will, at this moment, vote to give you the grants of power you want, but for God's sake, use our money fairly, decently, treat us honestly, and divorce the administration from its political allies, who are demanding this extra compensation as the price of their patriotism. Dissolve this unholy alliance which exists between the administration and labor politicians. Give the people of the country a dollar's worth of construction for every dollar expended. Why do you not do that?

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, I have been tremendously interested in reading the report of the committee. On page 18 of the hearings the gentleman from Massachusetts [Mr. WIGGLESWORTH] made the following statement:

Mr. WIGGLESWORTH. As I understand it, General, in the last 18 months, since July 1, 1940, we have appropriated \$41,800,000,000 for the Army and there is \$23,000,000,000 more, roughly, here, or a total of over \$64,000,000,000. In addition to that we have appropriated about \$45,300,000,000 for the Navy, \$4,400,000,000 for other agencies, and there is \$1,500,000,000 more here for Admiral Land, making \$5,900,000,000, and we have appropriated about \$14,500,000,000 for lend-lease, and, as I understand, there is something like \$5,000,000,000 coming in in connection with this bill, making \$19,500,000,000—or, if my figures are correct, an over-all total for the period of \$135,500,000,000.

Now, I wonder if someone could give us, either on the record or off the record—I assume off—what percentage of the Army's share of that total, which is \$41,800,000,000 to date, if my figures are correct, has actually been expended, how much has been allocated, and when you expect to receive the finished goods which that sum represents?

As soon as somebody is able to tell me how much of this has been spent and how badly we need this other \$11,500,000,000 to give to foreign countries then I am perfectly willing to vote for it, but I want to know something about where this money is going and I think the country wants to know.

Mr. RICH. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Pennsylvania.

Mr. RICH. I am also interested in the same question as to where it is going. I am also interested in the question of where we are going to get the money.

Mr. WIGGLESWORTH. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. I cannot give the specific figures the gentleman requests because they have not been furnished, but I can tell the gentleman that it is anticipated that all the items covered by these military estimates can be actually delivered, with a few long-term exceptions, during the present calendar year.

Mr. JOHNS. Can the gentleman tell me whether we are going to give away \$24,500,000,000 out of an appropriation

of \$135,500,000,000 that we have appropriated for the national defense in this country?

Mr. WIGGLESWORTH. Does the gentleman refer to the lend-lease appropriation?

Mr. JOHNS. Yes; I do. I want to know if that is the percentage we are giving away of our national defense appropriations.

Mr. WIGGLESWORTH. I can state the maximum authorized to be given away. Of course, the matter is wholly within the hands of the President of the United States. We can withhold for our own use every dollar or we can transfer every dollar within the maximum.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, I regret that I find myself in disagreement with my able and distinguished colleague from Kansas [Mr. LAMBERTSON]. I wish that I were able to support his amendment. As I see this matter, it is a very practical one. We are engaged in a common cause. The day of debate on that issue has passed. National policies have made our men a part of a common army with our allies.

I have given this matter considerable thought and study. I know of no other way by which we can provide for this common cause, to provide help for those who are our comrades in a common purpose. Were we to limit it, then it seems to me that we might destroy the ultimate objective which we are trying to reach.

The provision in this section is not mandatory. It is discretionary. The items which are included, within the possible transfers, may ultimately be in the possession of our men. We have to be realistic enough to know that the program as it has been outlined for us includes a fighting force on many different fronts. I would hesitate to feel that any action of mine might curtail the use of needed arms, munitions, or other means of warfare to either our own men or to those who are fighting with us at this time in the war.

I do not know where to lodge the discretion if it is not lodged with the President. He is the Commander in Chief. In the interest of this common objective, which is to win the war, I find that I must support the committee action and approve the delegation of authority, with the hope that the delegation will be wisely used for our own best interests as a people.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the figures we are carrying in this bill are stupendous. They are larger than any of us ever dreamed we would have to deal with on the floor of this House. But America today is fighting, fighting with her back to the wall, fighting for her very existence. I am not going to be one who at this time and under these circumstances says that we should not provide what is necessary to carry the thing through and do the best we can to repel

the invasion. If we do not do it, we are gone.

When I spoke first I did mention something that I thought should be done. I said that I thought the President ought to have better advice than Harry Hopkins on the question of the handling and the disposition of these military items. But I do not see how we can do more than to provide him with the things that are needed and that he says are needed and that can be provided for the defense of the United States and to furnish our Allies with what he thinks they need. We just have to hope that he will use good discretion in distributing them and put them where they will be effective in safeguarding the United States.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. RICH. If the gentleman has no faith in the man who is making this distribution, then does he not think that if the President is not going to put somebody else in that position, the Congress ought to know where this material is going?

Mr. TABER. The Congress ought to ask that the President put someone in there that the Congress and the people can trust, a man who is competent to be trusted. I hope the judgment of the military advisers of the President will be followed and not the judgment of someone who does not have a grasp of the situation.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

Mr. JOHNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNS: On page 5, line 18, strike out "\$11,250,000,000" and insert "\$3,015,000,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

The Clerk read as follows:

SEC. 304. This title may be cited as the "Second Defense Aid Supplemental Appropriation Act, 1942."

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Strike out all of title III.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. RICH. Mr. Chairman, this amendment strikes out the lease-lend provision for \$5,330,000,000. In section 2 you gave the President lease-lend authority to the amount of \$3,852,000,000.

The point I am trying to make is this. I cannot see why in every section of an appropriation bill you must have lease-lend provisions. It seems to me that in every bill we have passed appropriating money for the Army or the Navy or for aircraft during this session we have included an appropriation of \$4,000,000,000, \$6,000,000,000, or \$8,000,000,000 for lease-lend, but now we are doubling up on that. We are giving this aid not only in one section but in several sections of the bill. After a while we shall be giving everything away and leaving nothing for ourselves.

It is all right to give things to the other nations, but we want to furnish the boys we are sending to the front with the things we are manufacturing for our own Army. We want to give our own Army the guns, the ammunition, and the cannon they need to fight. I do not want to see our boys go to the front without these utensils of war. I not only want to see this Nation put more fight into the Members of Congress in order that we may aid and assist in this war, but I want to see the people back home realize that we are in a war. If we do not do more to aid and assist our own Army, our boys that are at the front, we will find someday that we will be very sorry.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Idaho.

Mr. WHITE. Does not the gentleman believe that Congress has appropriated enough money for this war?

Mr. RICH. Appropriated money enough? That is all they think of. They are appropriating right here in this bill thirty-two billions of dollars, the largest appropriation bill in the history of the world. That is just what I am complaining about. The gentleman does not know what it is all about, I do not know what it is all about, and there is no one over on that side who knows what it is all about. These appropriations give me the headache, and the headache is coming to the people, but it may be too late, after this administration has wrecked the Nation, broken it down financially, and put it into bankruptcy. All I can say is, God save America. I know this administration cannot do it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

The Clerk read as follows:

TITLE IV—GENERAL PROVISIONS

SEC. 401. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States

by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 10, after line 11, insert a new section, as follows:

"Sec. 401a. No part of this appropriation shall be paid to any person, firm, or corporation—

"(1) Who employs any person who is a member of any union which hereafter calls, encourages, or promotes a strike to enforce, as a condition of employment of any employee that he either join or not join or belong or not belong to a labor union unless the same be for the purpose of enforcing an existing contract between such employer and such union; or

"(2) Who employs any person who is a member of any union which hereafter calls, encourages, or promotes a strike in violation of a collective-bargaining agreement entered into in accordance with the National Labor Relations Act or to prevent recognition of another union which has been certified as the bargaining agency by the National Labor Relations Board in accordance with the provisions of the National Labor Relations Act; or

"(3) Who employs any person who participates in any strike called on account of any jurisdictional dispute; or

"(4) Who employs any person who, by intimidation, violence, or threats of violence, seeks in any way to hinder or impede the operation of any industry engaged in the production of any article for use in connection with national defense;

"*Provided further, however*, That the foregoing provisions shall not apply in any case where the employee subsequently furnishes to the employer a statement in writing and under oath that he will no longer maintain membership in such offending union and will not again participate in such proscribed conduct."

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 13 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Virginia. Mr. Chairman, this amendment is identical with the amendment offered to an appropriation bill on the 11th day of June, 1941, which was, on a teller vote, defeated by a few votes. It carries the main features of the bill which this House passed by a vote of 2 to 1 early in December and which is now reposing in a receptacle in another legislative body. I do not think the House is going to get any action on that bill unless we take some action here that is going to force the issue. I simply want to point out to the House that if this amendment is adopted to this bill, as it came very near being adopted to a previous bill, then it will go to another body attached to a bill that that body is going to be bound to act upon, and you will bring the issue directly home and you will compel final legislative action on this proposition.

Of course, the Members can decide for themselves whether in view of all that has happened we ought to have legislation of this kind. We have decided it once by a vote of substantially 2 to 1, and that was before Pearl Harbor.

I wish to call the attention of the Committee to the report on this very bill, a report that comes from the Appropriations Committee. I call your attention to the testimony of Admiral Land in the hearings which are before you today in which he says that the time that was lost in building ships through strikes in national defense last year or through strikes in the shipbuilding industry, would have built 10 much needed transport vessels. The committee itself was sufficiently impressed with that testimony to have placed in their report for the first time, as I recall, an admonition and to have deplored the existence of these strikes.

I would like to read just a sentence or two from the report:

The committee is disturbed by the fact that strikes still impede maximum production and the allocations of steel to shipbuilding have not been the quantity received. * * * It is worse than unfortunate that even a small number of men whose services are vitally useful in the prosecution of shipbuilding are not at work. The welders' strike on the Pacific coast is described by Admiral Land as "an unhappy situation." Further stoppages, relatively minor in numbers, but critically delaying in character because of the type of operation involved, are occurring.

Mr. Chairman, this is the situation. We are not going to get any final legislation on this unless we do attach such an amendment to a bill that must go through the other body, and all this amendment does is what we did before, and less than we did in the bill which we passed. It strikes at the closed shop, it requires them to live up to their contracts, it stops sympathy strikes and it undertakes to stop violence and intimidation in these national defense works. I hope it will be the pleasure of the House finally to express its sentiments as it has expressed them before, but express them in such a way on this bill that we will be bound to have action in the other body which so far has been unwilling to take action on this vital matter.

The CHAIRMAN. The gentleman from Michigan [Mr. Hook] is recognized for 3 minutes.

Mr. HOOK. Mr. Chairman, I will not use the 3 minutes. All I need say is this: We have had Pearl Harbor. As I understand, labor, industry, and Government are cooperating today, so please do not do anything at all that may upset our defense program. This amendment should and will be defeated.

Mr. CANNON of Missouri. Mr. Chairman, I sincerely hope the committee will vote down the amendment. It is the same amendment which has been offered on a number of bills and has been the subject of exhaustive and acrimonious debate but which has never been enacted into law in any instance. On occasion it has passed the House, has gone to the Senate, has come back to us in conference, but has never become a law, and there is no reason—regardless of the time given to it—to expect it to become a law

in this instance. But it will have a very untoward effect. It is of a highly controversial nature and for that reason would unquestionably delay the passage of the bill at a time when speed is a paramount consideration. Furthermore, even if it were agreed to, its effect upon the program would be most disastrous. This is a negative provision. It is in the nature of a limitation, and if it were in effect, not a dollar of all the billions of dollars appropriated by the bill could be spent until there had been a predetermination as to whether the expenditure of that particular dollar was affected by the amendment. It would result in innumerable controversies in the field, in the factory, in the securing of material and in the fabrication of these urgently needed munitions. So, because speed is essential, I ask that this amendment be rejected. The only result, as has been indicated, would be to so retard proceedings so persistently that anything that could be done under the bill would be too little and too late.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield.

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, I also call attention to one of the reasons advanced by the gentleman from Virginia [Mr. SMITH], that putting this amendment on this vital bill concerning our national defense might prompt the other body to act on a legislative bill. I call attention to the inadvisability of that. We are in war at the present time, and to tack this onto an appropriation bill in order to force another body to do something about another bill in that body, is in my opinion highly undesirable and unwise.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. HOFFMAN. Did the gentleman see that statement the other day from an Army officer in Detroit, in which he said that while men are dying the strike up there was preventing the delivery of guns to them?

Mr. CANNON of Missouri. The fact remains that the incorporation of the amendment in this bill would seriously affect the usefulness of the measure and would delay materially the result that we are trying to secure. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 38, noes 98.

So the amendment was rejected.

The Clerk read as follows:

SEC. 402. No part of any appropriation contained in this act or authorized hereby to be expended (except as otherwise provided for herein) shall be used to pay the compensation of any officer or employee of the Government of the United States, whose post of duty is in continental United States unless such person is a citizen of the United States, or a person in the service of the United States on the date of the approval of this act who being eligible for citizenship had theretofore filed a declaration of intention to become a

citizen or who owes allegiance to the United States. This section shall not apply to citizens of the Commonwealth of the Philippines.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. HOFFMAN. Mr. Chairman, if there is a Member of this House who does not know that at the present time strikes are delaying our defense work, then he has not read the newspapers. Only last week in Detroit—and there are strikes now up there in plants engaged in national defense production—an Army officer, referring to the strike at the Ford Willow Run plant, said:

With men dying because of our lack of aircraft, it is an outrage that tools being prepared for the bomber plant should be crippled in this manner by such a trivial thing.

He referred to a dispute growing out of the company's refusal to fire one union man because of a fight in which he had engaged with another union man.

Ford, as you know, has a closed-shop contract with the C. I. O. No man can work in that plant unless he becomes and remains a member of the C. I. O. If the union wanted this man, Horace Merrill, discharged, all it needed to do was to revoke his membership in the union, and he then automatically ceased to be an employee of the Ford Co. That the union did not do, but sought to throw the burden upon the company.

Had the company fired the man, it could have been subjected to a complaint and a prosecution under the Wagner Act.

Because of this argument between the union members, it was estimated by a company spokesman that 50,000 man-work-hours were lost.

Those of us who read the newspapers know that this week there was a pitched battle between welders employed in a shipyards on the west coast and A. F. of L. union members. That grew out of a controversy as to whether those welders should have a privilege, a right, granted to them under the Wagner Act, that is, to form and join a union of their choosing.

It is a fact that this administration, through its agencies, is attempting to force all men who wish to work on the national defense program into a union.

The gentleman from Massachusetts [Mr. McCORMACK], the majority leader, today called upon us for unity. He made the statement that this is not a Democratic war, that this is not a Republican war; that this is our war. With that I agree. He mentioned the fact that Republicans and Democrats and members of no political party at all are being drafted into the national military service, but it is a fact that while everyone between certain ages must be made and is being made to serve his country in the armed forces, this administration is backing the policy of denying to American citizens—to Republicans, to Democrats—the right to work in defense of their country until they have joined a union.

To put it in another way, American citizens are not permitted to be patriotic; they are not permitted to work, to make clothing, guns, implements of war, which the men in the ranks need, until they have announced their allegiance to an organization which is no part of this Government of ours, but which is the political supporter of the President—a contributor to his political war chest.

As I said a few moments ago, there are many of us in the minority, perhaps all, who will join in giving the administration all the power, all the money you want for the Commander in Chief, for the party in power. But if you want to be fair, if you want to be honest and patriotic, why do you say to us "You can, you must serve in the armed forces of your Government. You can—yes, you shall—be drafted to serve across the seas, in the jungles of the South Sea islands, perhaps there to suffer and to die, even though you do not belong to either the C. I. O. or the A. F. of L. You can—yes, and you will—be forced to pay taxes, to buy bonds to carry on this war. You will be forced to do without tires for your automobile, without your automobile. You will be short on sugar and, before the war is ended, on many of the necessities of life. But if you want to work in defense of your country, that you cannot do until you have paid tribute to, until you have bought a work permit from, either the A. F. of L. or the C. I. O."

This administration, the majority party, in effect says to us, "You can fight and you can die for your country without paying tribute to anyone; but, if you want a job at the high wages which the administration is forcing the country to pay for national defense, you must first fatten the treasury of one of the President's political allies."

"On the seven seas, in foreign lands, you may march, you may work, you may die, to uphold the flag of your country. But here at home, you cannot work for national defense until you join the organization called a labor union and which at present is the political bedfellow of the President." Those are the facts. You know there is political alliance between the union organizers, those unions and this administration, and you know that those unions are using this administration to force men into their organization, and yet you call on us for unity.

I ask you now, why it is, when the gentleman from Virginia [Mr. SMITH] offers on the floor of this House, as he has so many times offered, amendments which will give to American citizens the very thing for which you profess we are fighting, freedom of action, freedom from want, the opportunity to exercise the right to work, why is it that every time you vote down these amendments? Are you going now, by your action, to say to the American people, "We will draft your sons, we will draft all the men, but we will exempt labor, and you cannot work even in defense of your country—even to support your fighting men until you have paid tribute to the President's political supporters?"

Mr. Chairman, I withdraw the pro forma amendment.

Mr. HOOK. Mr. Chairman, I move to strike out the last two words.

I just want to call the attention of the gentleman from Michigan [Mr. HOFFMAN] to the fact that union men, if you please, men who belonged to the unions, died in defense of Wake Island. They gave their lives in the defense of their country. I want to call the attention of the gentleman to the fact that all of the heads of the unions of this Nation have cooperated to the fullest extent in this program and have ordered no strikes in defense industries. I say to him there has been no strike in defense industries and there are no strikes today. Labor is patriotic. Those men want to work, not 40 hours a week, but 7 days a week, to manufacture and produce the guns, the cannon, the planes that are necessary to final victory in this war.

Today in the great area of Wayne County, Detroit, the Ford Motor Co. has over 100,000 men employed. I am informed by the production manager of that great industry that when they reach the peak they will have 25 percent more men employed than they had during peacetimes. Today labor and industry in the Ford factory, if you please, where great strikes loomed a few months back, are in complete coordination. The labor leaders are cooperating with the Ford Motor Co., and the Ford Motor Co. is cooperating with the labor leaders. That goes for the rest of the great automobile industry, and I know it goes for every industry in the United States. I say to you that we as Members of this legislative body should do everything we can to foster the cooperation between labor and industry, which now exists. We as representatives of the people should not do anything at this time that will destroy the unity of those two great organizations. If the time should come that any man, whether he belongs to a labor union or an unorganized group, should do anything to call a strike or interfere with defense preparations, then is our time to act, and laws are on the books today to stop any such action. Unity we have between the Government, labor, and industry, and it is our duty as legislators to foster that cooperation in the interest of placing into the hands of those who are in the front lines fighting the war, the proper equipment. Those who attempt to bring about repressive anti-labor legislation today are fomenting trouble. Which is not in the best interest of winning the war.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk concluded the reading of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House without amendment, with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and Mr. COOPER having assumed the chair as Speaker pro tempore, Mr. GORE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under

consideration the bill H. R. 5811, making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER pro tempore (Mr. COOPER). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. CANNON of Missouri. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 371, nays 0, not voting 60, as follows:

[Roll No. 23]

YEAS—371

Allen, Ill.	Coffee, Wash.	Graham
Allen, La.	Cole, N. Y.	Granger
Andersen,	Collins	Grant, Ala.
H. Carl	Colmer	Grant, Ind.
Anderson, Calif.	Cooley	Green
Anderson, Cal.	Cooper	Gregory
N. Mex.	Copeland	Guyer
Andersen,	Costello	Gwynne
August H.	Courtney	Haines
Andrews	Cox	Hall,
Angell	Cravens	Leonard W.
Arends	Creal	Halleck
Arnold	Crosser	Hancock
Baldwin	Cullen	Hare
Barden	Cunningham	Harris, Ark.
Barnes	Curtis	Harris, Va.
Barry	D'Alesandro	Hart
Bates, Ky.	Davis, Ohio	Harter
Bates, Mass.	Davis, Tenn.	Hartley
Beam	Day	Healey
Beckworth	DeLaney	Hébert
Beiter	Dickstein	Heffernan
Bell	Dingell	Hess
Bender	Dirksen	Hill, Colo.
Bennett	Disney	Hill, Wash.
Bishop	Ditter	Hinshaw
Bland	Dondero	Hobbs
Bloom	Doughton	Hoffman
Boehne	Douglas	Holbrook
Boggs	Downs	Holmes
Boland	Drewry	Hook
Bolton	Duncan	Hope
Bonner	Durham	Houston
Boren	Dworshak	Howell
Boykin	Eaton	Hull
Bradley, Pa.	Eberhart	Hunter
Brooks	Edmiston	Imhoff
Brown, Ga.	Elliott, Mass.	Jackson
Brown, Ohio	Elliott, Calif.	Jacobson
Bryson	Ellis	Jarman
Buckler, Minn.	Elston	Jenkins, Ohio
Buckley, N. Y.	Engel	Jennings
Bulwinkle	Englebright	Johns
Burch	Faddis	Johnson, Ill.
Burdick	Fenton	Johnson, Ind.
Burgin	Fish	Johnson,
Byrne	Fitzgerald	Luther A.
Camp	Fitzpatrick	Johnson, Okla.
Canfield	Flaherty	Johnson, W. Va.
Cannon, Fla.	Flannagan	Jones
Cannon, Mo.	Fogarty	Jonkman
Capozzoli	Folger	Kean
Carlson	Forand	Kee
Carter	Ford, Leland M.	Keefe
Cartwright	Ford, Miss.	Keftauver
Case, S. Dak.	Ford, Thomas F.	Kelley, Pa.
Casey, Mass.	Fulmer	Kelly, Ill.
Celler	Gamble	Kennedy,
Chapman	Gathings	Martin J.
Chenoweth	Gavagan	Kennedy,
Chlperfield	Gearhart	Michael J.
Clark	Gehrmann	Keogh
Clason	Gerlach	Kerr
Claypool	Gifford	Kilburn
Clevenger	Gilchrist	Kilday
Cluett	Gillie	Kinzer
Cochran	Gore	Kirwan
Coffee, Nebr.	Gossett	Klein

Kocialkowski	Peterson, Ga.	Smith, Wash.
Lands	Pfeiffer,	Smith, W. Va.
Lane	Joseph L.	Smith, Wis.
Lanham	Pheiffer,	Snyder
Larrabee	William T.	Somers, N. Y.
Lea	Pierce	South
Leavy	Pittenger	Sparkman
LeCompte	Plauché	Spence
Lesinski	Ploeser	Springer
Lewis	Plumley	Starnes, Ala.
Ludlow	Poage	Steagall
Lynch	Powers	Stearns, N. H.
McCormack	Priest	Stefan
McGehee	Rabaut	Stevenson
McGranery	Ramsay	Sullivan
McGregor	Ramspeck	Sumner, Ill.
McIntyre	Randolph	Summers, Tex.
McLaughlin	Rankin, Miss.	Sutphin
McLean	Rankin, Mont.	Taber
McMillan	Reed, N. Y.	Talle
Maas	Rees, Kans.	Tarver
Maciejewski	Rich	Tenerowicz
Maciora	Richards	Terry
Mahon	Rivers	Thill
Manasco	Robertson,	Thom
Mansfield	N. Dak.	Thomas, N. J.
Marcantonio	Robertson, Va.	Thomas, Tex.
Martin, Iowa	Robinson, Utah	Thomason
Mason	Robson, Ky.	Tibbott
May	Rockefeller	Tinkham
Merritt	Rockwell	Traynor
Meyer, Md.	Rodgers, Pa.	Treadway
Michener	Rogers, Mass.	Van Zandt
Mills, Ark.	Rogers, Okla.	Vincent, Ky.
Mills, La.	Rolph	Vinson, Ga.
Mitchell	Russell	Vorys, Ohio
Monroney	Sabath	Wadsworth
Mott	Sacks	Ward
Mundt	Sanders	Wasielewski
Murdock	Sasser	Weaver
Murray	Satterfield	Welch
Myers, Pa.	Sauthoff	Wene
Nelson	Scanlon	West
Nichols	Schuetz	Wheat
Norrell	Schulte	Whelchel
O'Brien, Mich.	Scrugham	White
O'Brien, N. Y.	Secrest	Whitten
O'Connor	Shafer, Mich.	Whittington
O'Hara	Shanley	Wickersham
O'Leary	Shannon	Wigglesworth
Oliver	Sheppard	Williams
O'Neal	Sheridan	Wolverton, N. J.
O'Toole	Short	Woodruff, Mich.
Pace	Sikes	Woodrum, Va.
Paddock	Simpson	Wright
Patman	Smith, Maine	Young
Patrick	Smith, Ohio	Youngdahl
Pearson	Smith, Pa.	Zimmerman
Peterson, Fla.	Smith, Va.	

NAYS—0

NOT VOTING—60

Baumhart	Heidinger	Osmers
Blackney	Hendricks	Patton
Bradley, Mich.	Izac	Reece, Tenn.
Buck	Jarrett	Reed, Ill.
Butler	Jenks, N. H.	Rizley
Byron	Jensen	Romjue
Cole, Md.	Johnson, Calif.	Schaefer, Ill.
Crawford	Johnson,	Scott
Crowther	Lyndon B.	Stratton
Culkin	Kleberg	Sweeney
Dewey	Knutson	Talbot
Dies	Kopplemann	Tolan
Domengeaux	Kramer	Voorhis, Calif.
Fellows	Kunkel	Vreeland
Gale	Lambertson	Walter
Gibson	McKeough	Willson
Gillette	Magnuson	Winter
Hall	Martin, Mass.	Wolcott
Edwin Arthur	Moser	Wolfenden, Pa.
Harness	Norton	Worley
Harrington	O'Day	

So the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Kleberg with Mr. Martin of Massachusetts.

Mr. Cole of Maryland with Mr. Dewey.

Mr. Romjue with Mr. Edwin Arthur Hall.

Mr. Moser with Mr. Wolfenden of Pennsylvania.

Mr. Dies with Mr. Vreeland.

Mr. Harrington with Mr. Gale.

Mr. Walter with Mr. Culkin.

Mrs. Norton with Mr. Knutson.

Mr. Izac with Mr. Reece of Tennessee.

Mr. Patton with Mr. Crawford.

Mr. Gibson with Mr. Osmers.

Mr. Buck with Mr. Reed of Illinois.
Mr. Kramer with Mr. Wolcott.
Mr. Magnuson with Mr. Johnson of California.

Mr. Worley with Mr. Harness.
Mr. Sweeney with Mr. Crowther.
Mr. Hendricks with Mr. Kunkel.
Mr. Domengeaux with Mr. Wilson.
Mr. McKeough with Mr. Gillette.
Mr. Voorhis of California with Mr. Jensen.
Mr. Tolan with Mr. Bradley of Michigan.
Mr. Lyndon B. Johnson with Mr. Butler.
Mr. Schaefer of Illinois with Mr. Jarrett.
Mrs. Byron with Mr. Baumhart.
Mrs. O'Day with Mr. Blackney.
Mr. Kopplemann with Mr. Heidinger.

The result of the vote was announced as above recorded.

On motion of Mr. CANNON of Missouri a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

(Mr. MANSFIELD, Mr. SCHULTE, and Mr. HOUSTON asked and were given permission to extend their remarks in the RECORD.)

Mr. DITTER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole today.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter written by me to the Secretary of the Navy.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CHENOWETH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include an address given by Mr. Merrill E. Shoup, of Colorado Springs, on the subject The Gold Standard.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

PRIORITIES

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered. There was no objection.

Mr. RANDOLPH. Mr. Speaker, the gentleman from West Virginia now

speaking will never attempt to rise in the well of the House simply to give impetus to some rumor he has heard. In fact, I shall guard against doing that. I have not, however, had time to investigate fully the matter I am about to bring to your attention, but I believe the information is of sufficient importance to the membership to call to their attention at this time.

It is to this effect: That Donald Nelson, the director of the War Production Board, specifically requested an A-1-A rating for the production of aircraft. It is further stated to me that the Army and Navy Munitions Board failed to give this priority to the production of aircraft, placing warships, tanks, and trucks in a preferred status over planes.

Mr. Speaker, we know that supremacy and control of the air is going to be absolutely necessary to send whatever equipment we must get to the fighting fronts. I am going to look into the matter carefully and report more fully later. I shall contact Mr. Nelson and others. What I have said is not carping criticism. It is done in an effort to focus attention once again on the importance of an air force, put into the skies with a minimum of delay.

Mr. Speaker, I ask unanimous consent to include in my remarks at this point a newspaper article from today's Times-Herald relating to the subject I have discussed.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

(The matter referred to follows:)

[From the Washington Times-Herald of February 17, 1942]

WARSHIPS, TANKS GIVEN PRIORITY OVER AIRPLANES—PRODUCTION DROP LIKELY DUE TO RATING BY MUNITIONS BOARD

The Nation's aircraft production program is seriously threatened, it was learned yesterday, by the refusal of the Army and Navy Munitions Board to grant adequate priority to combat planes.

The high command of the Army and Navy still refuses to regard aircraft as the vital weapon of modern warfare and has classified planes behind battleships and tanks.

SHIPS COME FIRST

Despite President Roosevelt's call for the construction of 60,000 airplanes this year and 125,000 planes in 1943, the Army and Navy have rated airplanes behind ships, which have proven almost helpless to air attack, and to tanks, which cannot be landed on war fronts unless the United Nations have control of the air.

Planes have been denied A-1-A priority. Highest rating A-1-B has been given to four-engine bombers, and all other types of fighting aircraft rate no higher than A-1-D. As a result, aviation industry spokesmen predict a drop in aircraft production within 6 months.

"At a time when the press, the President, and the United Nations are placing the greatest stress on the immediate need for combat airplanes, the American people would be given a jolt far worse than Pearl Harbor if they knew the manner in which material to go into airplanes has been sidetracked and scuttled by the brass hats in Washington," said Wayne W. Parrish, editor of American Aviation.

FACE SHORTAGES

"While every aircraft manufacturer in the Nation is expanding plant facilities, and with

inescapable even to a man who had never seen a ship or heard the zooming of a plane. To get a dollar's worth of defense for a dollar's worth of defense appropriations—

And how important that has become in America today—

more of the last eight billion might well have gone for a modernized defense against modernized warfare in the air, on the sea, and on the land.

America—wake up and live. Too many of us have slumbered while the things which make America American have lost their luster. The dullness which we see upon them now is not decay but the surface rust of disuse. Let's meet the challenge to America with American courage and in an American way. Let the people speak. Let parties in and out of power unite in building us an impregnable national defense.

I submit, Mr. Speaker, that an impregnable national defense today has become increasingly more defined in terms of hitting power in the air than it was when I made those remarks in May of 1940. I feel now as I felt then and I have said it in speech after speech both in and out of Congress that American defenses should be the most modern, the most effective, and the most complete of any nation in the world. I submit, Mr. Speaker, that the proposed expansion of our civilian pilot training program is a step in the right direction.

Continuing my speech of 21 months ago, I said this, and I think it also has an application today when we still find subversive influences in America helping to sabotage our defense efforts and endeavoring to break down our victory drive:

America must disband its bund camps, its Fascist silver shirters, and its communistic cells. We have coddled subversive groups too long in this country, and under the New Deal the Attorney General and Labor Department have shown them too much leniency. We have too long kidded ourselves that the disclosures of the Dies committee were far-fetched figments of the imagination, "America wake up and live." But we must do more than clean up America—we must develop an efficient and effective military defense for it. We must spend additional billions.

ASKS FOR BILLIONS MORE IN 1940

At that time you will recall, Mr. Speaker, we had spent about \$8,000,000,000 for national defense, and the President, 5 days earlier, had suggested that we appropriate another billion dollars, and in those far-gone days everybody thought that a billion dollars was a lot of money, and, of course, it is a lot of money, but it is not very much when we consider that within less than 30 days we have appropriated more than \$70,000,000,000 for this war without a negative vote in either House of Congress. So, when a few days after the President made his first special defense address to Congress and asked for a billion dollars, I pointed out many additional billions would be needed, but urged that they be largely used in modernizing our defense establishments. I said this, and, certainly, it was a prophetic statement:

We must spend additional billions for peace insurance. But we must spend it wisely. We must modernize our equipment. We need tanks for defense. We need planes with armored cockpits and self-sealing gas tanks, we need antiaircraft guns. We need to separate politics entirely from prepared-

ness. Our problem is to defend ourself against the methods and machinery of modern warfare; to do this we should create a commission of industrial experts to assist our military men in mobilizing American industry so it can best assist in the modernization of a defense system which has too long measured its adequacy in terms of billions of dollars spent for preparedness rather than in terms of results in the form of up-to-date fighting equipment and military units.

SOUTH DAKOTA IS READY AND WAITING

I think that putting our dollars to use in terms of hitting power and national defense can be done as effectively today through this civilian pilot-training program as in any other one place. I know that in my own State of South Dakota, and I am sure it does not differ from the States of Kansas and Iowa and Pennsylvania and other States, which I see represented here this afternoon, we could double or treble the output of pilots produced through the civilian pilot-training program if funds were made available for that purpose. It is imperative that we permit no bottleneck to develop through having a lack of well-trained and thoroughly tested pilots to man the planes now beginning to come off the production lines in gratifying numbers. The increase of nearly 50 percent in the Budget Bureau's request for funds for the civilian pilot-training program will be cheap insurance against such a catastrophe and I hope the \$36,000,000 fund will receive the enthusiastic approval of Congress in tomorrow's vote.

Mr. Speaker, I would like to conclude these remarks, today, by quoting from another speech of mine delivered on the floor of this House almost 20 months ago to the day. On June 18, 1940, while debating in favor of our Foreign Affairs Committee resolution reaffirming the Monroe Doctrine I said in a speech beginning on page 8550 of the bound RECORD:

Let us settle down to the serious business of developing preparedness and policies which will defend this doctrine and spend less of our time in defining it. Not adjectives but action will suffice to make America strong at this hour when we dare not permit America to be weak.

WHAT WAS TRUE IN 1940 IS DOUBLY TRUE IN 1942

Mr. Speaker, I believed those sentiments to be true on June 18, 1940, when I made them. I know that they are true today. We need action all along the line in tightening our defense program and toughening our war effort. That means strikes must be curtailed, coddling must cease, profiteering must be outlawed, small business units and production facilities in rural communities must be put to use, Communists must be weeded out of Government bureaus and places of authority, Bundists and subversive aliens of all types must be locked up where they cannot sabotage our drive for victory.

The march of time and events have defined American policy today so all who run can read—it is simply and foremostly to win this war and then to win the peace which will follow it. Now, this doctrine must be defended and projected. This is an all-American job in an all-out war,

and one way to promote the type of action which is needed now is to make full use of the civilian pilot training facilities of this Republic.

Continuing to quote from my speech on this floor on June 18, 1940, I said:

We need action in preparedness, action in curtailing fifth column activities, action in strengthening pan-American friendship and crystalizing and consolidating pan-American ideals.

The hour is growing late, Mr. Speaker, so I shall not expand upon these remarks. In that speech of 20 months ago I called upon the War Department and the State Department to instigate a series of pan-American conferences to coordinate the defense establishments of the two Americas and to develop a mutually helpful program of hemispherical protection. I am glad to state that this has been done, and the splendid results of the recent Rio conference which is the most recent in a series of such meetings are a source of gratification to us all, and our State Department is to be congratulated on its progress on this program.

In that speech I also urged that South American rubber-raising potentialities be developed as a safeguard to the United States, but that leads into another subject and I shall not discuss it here, other than to say some progress has also been made in this direction although the rate of action there is far less satisfying than the results obtained by our Department of State.

INITIAL SET-BACKS TO BE EXPECTED

Mr. Speaker, America has a habit of winning the last battle in its wars. We must not become discouraged by the disappointing developments of the past few weeks. This country was not prepared with the modern equipment it takes to fight today's type of war because despite the more than \$50,000,000,000 for which the President asked, and for which we voted as rapidly as it was asked, it takes time to translate money into munitions and appropriations into arms. We began that translation with the outbreak of war in Europe and it proceeded with increasing speed as the war continued.

America was resolved not to become involved in the shooting aspects of this war, at least until such time as we could enter it with our equipment ready, our munitions made, our arms on hand, and our military establishments modernized. We were determined not to again send American boys away to fight without the best munitions in the world because in a battle of production American industries can make more of the best than any other country in the world. Unfortunately, the treacherous Japanese attack at Pearl Harbor plunged us into war before our rapidly developing defenses were ready.

MAC ARTHUR SHOWS IT CAN BE DONE

Once attacked, we had nothing to do but fight the best that we could with the arms that we had. This America has done, and the stand of Douglas MacArthur and his heroic band on the Bataan Peninsula presages what Americans can do even when their equipment underrates the enemy. Once American fighters are supplied with the best arms America can make, the present derisive cheers from

Axis capitals will quickly turn to wails of anguish. We must not expect too much too soon from heroic defenders who are not yet supplied with what it takes to do battle in modern warfare.

America now generally appreciates what those of us who sat on congressional committees hearing secret testimony long knew; namely, that until we had time to get fully prepared our only course was to avoid active warfare or bravely face the prospect of some initial disappointments until such time as our equipment could be delivered to our forces in quantities enough to match the quality of our determination. The minute the Japanese started dropping bombs upon an unsuspecting Pearl Harbor the choice of avoiding active warfare was gone. Let us with grim determination and patient resolve face the other alternative now. Let us take the inevitable initial disappointments in our stride. Battles are still won by those who "gets there fustest with the mostest men" but wars are won by those whose cause is just, whose courage is unflinching, and whose determination dominates the discouragement of early set-backs.

We have cause for confidence but we have no occasion for complacency. Mistakes must be corrected, loop-holes plugged up, pride of precedent upset if needed be, and America's attitude today far more than when I stated it in May and June of 1940 must be one of "action." And that action must be directed toward the modernization of our methods of warfare and of our machinery of war.

I submit, Mr. Speaker, that a vote for the \$36,000,000 tomorrow to train more pilots to fly more planes is action of the type which is needed in America today.

EXTENSION OF REMARKS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks and to include certain quotations and comments from speeches which I have made in earlier sessions of the Congress.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

ADJOURNMENT

Mr. HOUSTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p. m.) the House adjourned until tomorrow, Wednesday, February 18, 1942, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Wednesday, February 18, 1942)

The Committee on Immigration and Naturalization will hold a hearing at 10:30 a. m. on Wednesday, February 18, 1942, on private bills.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(Thursday, February 19, 1942)

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. on Thursday, February 19, 1942, for consideration of S. 2222.

COMMITTEE ON THE CIVIL SERVICE

(Thursday, February 19, 1942)

The Committee on the Civil Service will hold public hearings on bills pending before the committee to repeal retirement provisions for elected officials. Hearings will be held Thursday, February 19, 1942, at 10 o'clock a. m., in Room 246, House Office Building.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Thursday, February 19, 1942)

The Committee on the Merchant Marine and Fisheries will hold a public hearing on Thursday, February 19, 1942, at 10 a. m., on H. R. 6554, to amend war-risk insurance provisions of the Merchant Marine Act, 1936, as amended, in order to expedite ocean transportation and assist the war effort.

(Thursday, February 26, 1942)

POSTPONEMENT OF HEARING ON H. R. 6503

This will advise you that the hearings previously scheduled for Tuesday, February 17, 1942, at 10 a. m., have been postponed until Thursday, February 26, 1942, at 10 a. m., on the following bill: H. R. 6503, to extend and amend certain emergency laws relating to the merchant marine, and for other purposes.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, February 19, 1942)

There will be a meeting of the Committee on Interstate and Foreign Commerce, at 10 a. m., Thursday, February 19, 1942.

Business to be considered: To begin hearings on H. R. 6156—land-grant rates with respect to Government traffic.

(Wednesday, February 25, 1942)

There will be a meeting of the Subcommittee on Petroleum of the Committee on Interstate and Foreign Commerce, at 10 a. m., Wednesday, February 25, 1942.

Business to be considered: To resume hearings on petroleum as outlined in Mr. Cole's memorandum of February 6, 1942.

COMMITTEE ON INDIAN AFFAIRS

(Wednesday, February 25, 1942)

There will be a meeting of the Committee on Indian Affairs on Wednesday, February 25, 1942, at 10:30 a. m., for the continuation of hearings on S. 1476 (Florida tick bill).

EXECUTIVE COMMUNICATIONS, ETC.

1410. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated October 22, 1941, submitting a report, together with accompanying papers and an illustration, on a review of reports on Columbia and lower Willamette Rivers below Portland, Oreg., and Vancouver, Wash., to determine the advisability of modifying the existing project to provide for a secondary channel in the vicinity of Port of Longview, Wash., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on December 2, 1940 (H. Doc. No. 630), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed, with an illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CANNON of Missouri: Committee on Appropriations. H. R. 6611. A bill making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes; without amendment (Rept. No. 1790). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALLEN of Louisiana: Committee on Immigration and Naturalization. H. R. 6600. A bill providing for the insurance of documentary evidence of United States citizenship; without amendment (Rept. No. 1791). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT of California: Joint Committee on the Disposition of Executive Papers. House Report No. 1793. Report on the disposition of records in sundry departments of the United States Government. Ordered to be printed.

Mr. ELLIOTT of California: Joint Committee on the Disposition of Executive Papers. House Report No. 1794. Report on the disposition of records in sundry departments of the United States Government. Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MEYER of Maryland: Committee on Claims. S. 1564. An act for the relief of Pauline Caton Robertson; without amendment (Rept. No. 1777). Referred to the Committee of the Whole House.

Mr. GILLETTE: Committee on Claims. H. R. 710. A bill for the relief of Martin N. Mayrath; without amendment (Rept. No. 1778). Referred to the Committee of the Whole House.

Mr. FOGARTY: Committee on Claims. H. R. 736. A bill for the relief of Ideal Service Station; with amendment (Rept. No. 1779). Referred to the Committee of the Whole House.

Mr. CHENOWETH: Committee on Claims. H. R. 1901. A bill for the relief of Floyd Odom; with amendment (Rept. No. 1780). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 3079. A bill conferring jurisdiction upon the Court of Claims of the United States to consider and render judgment on the claim of The Cuban-American Sugar Co. against the United States; without amendment (Rept. No. 1781). Referred to the Committee of the Whole House.

Mr. RUSSELL: Committee on Claims. H. R. 3732. A bill for the relief of Ida Baird; with amendment (Rept. No. 1782). Referred to the Committee of the Whole House.

Mr. FOGARTY: Committee on Claims. H. R. 4625. A bill for the relief of Karl K. Wilkes; with amendment (Rept. No. 1783). Referred to the Committee of the Whole House.

Mr. RUSSELL: Committee on Claims. H. R. 4955. A bill for the relief of Geoffrey Orme; with amendment (Rept. No. 1784). Referred to the Committee of the Whole House.

Mr. KLEIN: Committee on Claims. H. R. 5010. A bill for the relief of James Reed; with amendment (Rept. No. 1785). Referred to the Committee of the Whole House.

Mr. WEISS: Committee on Claims. H. R. 5363. A bill for the relief of Johnston-Hall

Table 18



77TH CONGRESS
2D SESSION

H. R. 6611



IN THE SENATE OF THE UNITED STATES

FEBRUARY 18 (legislative day, FEBRUARY 13), 1942

Read twice and referred to the Committee on Appropriations

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for the national
5 defense for the fiscal year ending June 30, 1942, and for
6 other purposes, namely:

7 **TITLE I—WAR DEPARTMENT**

8 **MILITARY ACTIVITIES**

9 For additional amounts for appropriations for the Mili-
10 tary Establishment, fiscal year 1942, to be supplemental to,
11 and merged with, the appropriations under the same heads

1 in the Military Appropriation Act, 1942, including the objects
2 and subject to the limitations and conditions specified under
3 the said heads respectively in that Act, except as otherwise
4 provided herein, and such appropriations, together with ap-
5 propriations supplemental thereto heretofore and herein made
6 shall remain available until June 30, 1943, as follows:

7 OFFICE OF THE SECRETARY OF WAR

8 Expediting production: For expediting production of
9 equipment and supplies for national defense, including the
10 proviso clause under this head in the Fourth Supplemental
11 National Defense Appropriation Act, 1942, \$3,011,512,000.

12 QUARTERMASTER CORPS

13 QUARTERMASTER SERVICE, ARMY

14 Subsistence of the Army: For subsistence of the Army,
15 \$145,830,000;

16 Regular supplies of the Army: For regular supplies of
17 the Army, \$67,982,000;

18 Clothing and equipage: For clothing and equipage,
19 \$928,928,000;

20 Army transportation: For Army transportation, \$2,245,-
21 701,000: *Provided*, That the provisions of section 302 (c) of
22 the Treasury and Post Office Departments Appropriation
23 Act, 1942, shall not apply to vehicles used or to be procured
24 by the War Department for military activities;

1 MEDICAL DEPARTMENT, ARMY

2 Medical and Hospital Department: For Medical and
3 Hospital Department, Army, \$171,178,000.

4 CORPS OF ENGINEERS

5 Engineer Service, Army: For Engineer Service, Army,
6 \$1,226,300,000: *Provided*, That all funds heretofore and
7 herein appropriated for the fiscal year 1942, under the titles
8 "Engineer Service, Army", "Military construction, defense
9 installations", "Construction of buildings, utilities, and appur-
10 tenances at military posts", "Barracks and quarters", and
11 "Construction and repair of hospitals" shall be disbursed and
12 accounted for as one fund under the title "Engineer Service,
13 Army", and shall remain available until June 30, 1943.

14 ORDNANCE DEPARTMENT

15 Ordnance service and supplies, Army: For Ordnance
16 service and supplies, Army, \$13,252,200,000, of which not
17 to exceed \$920,000,000 shall be available for payments under
18 contracts for the production or procurement of ordnance
19 matériel, machinery, and supplies under authorizations under
20 this head contained in appropriation Acts for the fiscal years
21 1941 and 1942.

22 CHEMICAL WARFARE SERVICE

23 Chemical Warfare Service: For Chemical Warfare Serv-
24 ice, Army, \$288,336,000.

1

SEACOAST DEFENSES

2

Seacoast defenses: For seacoast defenses, \$31,769,000.

3

GENERAL PROVISIONS

4

SEC. 101. The limitation of 5 per centum upon the amount which may be transferred from one appropriation to another, with the approval of the Director of the Bureau of the Budget, contained in section 3 of the Military Appropriation Act, 1942, is hereby increased to 10 per centum.

9

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11): *Provided*, That the total value of articles disposed of under this authority shall not exceed \$11,250,000,000.

19

SEC. 103. This title may be cited as "Title V, Military Appropriation Act, 1942".

21

TITLE II—UNITED STATES MARITIME

22

COMMISSION

23

SEC. 201. Construction fund, United States Maritime Commission: For an additional amount to increase the con-

24

1 struction fund established by the "Merchant Marine Act", as
2 supplemented by title III of the "First Supplemental Na-
3 tional Defense Appropriation Act, 1942", for the construction
4 of vessels, production and procurement of parts, equipment,
5 material, and supplies for such vessels, and the establishment,
6 acquisition, construction, enlargement, or extension of plants
7 or facilities, \$1,502,000,000, of which not to exceed \$2,000,-
8 000 shall be available for administrative expenses, and the
9 Commission is authorized, in addition to such appropriation
10 of \$1,502,000,000, to enter into contracts for the same pur-
11 poses (except administrative expenses) in an amount not
12 to exceed \$2,350,000,000: *Provided*, That whenever the
13 President deems it to be in the interest of national defense
14 he may authorize the Commission to lease vessels herein
15 authorized to be constructed to the government of any
16 country whose defense the President deems vital to the
17 defense of the United States, in accordance with the provi-
18 sions of the Act of March 11, 1941 (Public Law 11): *Pro-*
19 *vided further*, That the provisions of sections 2 and 4, and the
20 several proviso clauses contained in section 1 of the Act of
21 February 6, 1941, shall apply to all the activities and func-
22 tions which the Commission is hereby authorized to perform.

23 TITLE III—DEFENSE AID

24 SEC. 301. To enable the President, through such depart-
25 ments or agencies of the Government as he may designate,

1 further to carry out the provisions of an Act to promote the
2 defense of the United States, approved March 11, 1941, and
3 for each and every purpose incident to or necessary therefor,
4 the following sums for the following respective purposes,
5 namely:

6 (a) For the procurement, by manufacture or otherwise,
7 of defense articles, information and services, for the govern-
8 ment of any country whose defense the President deems vital
9 to the defense of the United States, and the disposition
10 thereof, including all necessary expenses in connection there-
11 with, as follows:

12 (3) Automobiles, trucks and other automotive vehicles,
13 spare parts, and accessories, \$129,015,000.

14 (4) Vessels, ships, boats, and other watercraft, including
15 the hire or other temporary use thereof, and equipage, sup-
16 plies, materials, spare parts, and accessories, \$734,420,000.

17 (6) Facilities and equipment for the manufacture, pro-
18 duction, or operation of defense articles and for otherwise
19 carrying out the purposes of the Act of March 11, 1941,
20 including the acquisition of land, and the maintenance and
21 operation of such facilities and equipment, \$111,450,000.

22 (7) Agricultural, industrial, and other commodities and
23 articles, \$3,567,115,000.

24 (b) For testing, inspecting, proving, repairing, outfit-
25 ting, reconditioning, or otherwise placing in good working

1 order any defense articles for the government of any country
2 whose defense the President deems vital to the defense of
3 the United States, including services and expenses in con-
4 nection therewith, \$208,000,000.

5 (c) For necessary services and expenses for carrying
6 out the purposes of the Act of March 11, 1941, not specified
7 or included in the foregoing, \$580,000,000.

8 (d) In all, \$5,330,000,000, to remain available until
9 June 30, 1943.

10 (e) Each of the foregoing appropriations shall be addi-
11 tional to, and consolidated with, the appropriations for the
12 same purpose contained in the same respective categories of
13 appropriation in the Defense Aid Supplemental Appropriation
14 Act, 1941, and the Defense Aid Supplemental Appropriation
15 Act, 1942: *Provided*, That with the exception of the appro-
16 priation for administrative expenses, not to exceed 20 per
17 centum of any such consolidated appropriations may be trans-
18 ferred by the President to any other of such consolidated
19 appropriations, but no such consolidated appropriation shall
20 be increased more than 30 per centum thereby.

21 SEC. 302. Any defense article procured pursuant to this
22 title shall be retained by or transferred to and for the use
23 of such department or agency of the United States as the
24 President may determine, in lieu of being disposed of to a

1 foreign government, whenever in the judgment of the Presi-
2 dent the defense of the United States will be best served
3 thereby.

4 SEC. 303. The term "defense article" as used in section
5 102 of the Third Supplemental National Defense Appro-
6 priation Act, 1942, approved December 17, 1942 (Public
7 Law 353), in section 102 of the Fourth Supplemental Na-
8 tional Defense Appropriation Act, 1942, approved January
9 30, 1942 (Public Law 422), in section 301 of the Act of
10 February 7, 1942 (Public Law 441), and in section 102
11 of this Act shall be deemed to include defense information
12 and services, and the expenses in connection with the pro-
13 curement or supplying of defense articles, information, and
14 services.

15 SEC. 304. This title may be cited as the "Second De-
16 fense Aid Supplemental Appropriation Act, 1942".

17 TITLE IV—GENERAL PROVISIONS

18 SEC. 401. No part of any appropriation contained in
19 this Act shall be used to pay the salary or wages of any
20 person who advocates, or who is a member of an organization
21 that advocates, the overthrow of the Government of the
22 United States by force or violence: *Provided*, That for the
23 purposes hereof an affidavit shall be considered prima facie
24 evidence that the person making the affidavit does not ad-

1 voocate, and is not a member of an organization that advo-
2 cates, the overthrow of the Government of the United States
3 by force or violence: *Provided further*, That any person
4 who advocates, or who is a member of an organization that
5 advocates, the overthrow of the Government of the United
6 States by force or violence and accepts employment the salary
7 or wages for which are paid from any appropriation in this
8 Act shall be guilty of a felony and, upon conviction, shall be
9 fined not more than \$1,000 or imprisoned for not more than
10 one year, or both: *Provided further*, That the above penalty
11 clause shall be in addition to, and not in substitution for, any
12 other provisions of existing law.

13 SEC. 402. No part of any appropriation contained in this
14 Act or authorized hereby to be expended (except as other-
15 wise provided for herein) shall be used to pay the compensa-
16 tion of any officer or employee of the Government of the
17 United States, whose post of duty is in continental United
18 States unless such person is a citizen of the United States, or
19 a person in the service of the United States on the date of the
20 approval of this Act who being eligible for citizenship had
21 theretofore filed a declaration of intention to become a citizen
22 or who owes allegiance to the United States. This section
23 shall not apply to citizens of the Commonwealth of the
24 Philippines.

1 SEC. 403. This Act may be cited as the “Fifth Supple-
2 mental National Defense Appropriation Act, 1942.”

Passed the House of Representatives February 17, 1942.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

FEBRUARY 18 (legislative day, FEBRUARY 13), 1942
Read twice and referred to the Committee on
Appropriations

LE COPY

Please return to
LEGISLATIVE REPORTS AND SERVICE SECTION
Office of Budget and Finance

FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL FOR 1942

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

SEVENTY-SEVENTH CONGRESS

SECOND SESSION

ON

H. R. 6611

A BILL MAKING ADDITIONAL APPROPRIATIONS
FOR THE NATIONAL DEFENSE FOR THE
FISCAL YEAR ENDING JUNE 30, 1942,
AND FOR OTHER PURPOSES

PL 474

Printed for the use of the Committee on Appropriations





FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL FOR 1942

THURSDAY, FEBRUARY 19, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:30 a. m., in the committee room, Capitol, Hon. Kenneth McKellar (chairman of the subcommittee) presiding.

Present: Senators McKellar, Glass, Hayden, Tydings, Overton, Thomas of Oklahoma, McCarran, O'Mahoney, Bankhead, Holman, and Brooks.

Also present: Senator Truman.

WAR DEPARTMENT

STATEMENT OF MAJ. GEN. R. C. MOORE, DEPUTY CHIEF OF STAFF

Senator McKELLAR. General Moore, we will be glad to hear from you this morning.

GENERAL STATEMENT

General MOORE. I am appearing before this committee to present for your consideration War Department supplemental estimates in the amount of \$22,888,901,900, for the procurement of equipment and of facilities for expediting production. Of this amount, \$920,000,000 is for the liquidation of contract authorization, making the amount available for new procurement, \$21,968,901,900.

OBJECTIVES OF PRESENT ESTIMATES

These estimates are designed as a first step in meeting the procurement objectives for ground equipment set by the President in his speech of January 6, 1942. They also provide facilities for expediting production which will increase the productive capacity of industry to meet the increased goods set by the President.

These estimates are for equipment only. Provision for additional needs will be made in supplemental estimates soon to be submitted for your consideration.

THE EQUIPMENT PROGRAM

There is provided in these estimates essential and critical items of equipment for a force of approximately 3,600,000 men.

DEFENSE AID REQUIREMENTS

Defense aid items amounting to approximately \$12,150,000,000 to provide for our associated nations. These items are combined with United States critical and essential items to form a single pool of equipment for use in operations against the Axis.

EXPEDITING PRODUCTION

Also included is \$2,609,000,000 for production facilities to increase the production capacity of industry. This capacity will meet the increased goals set by the President.

RESERVE FACTOR

Included in the amounts for critical and essential items and for defense aid is a reserve. This reserve is required to meet fluctuations of requirements, anticipated increases in cost, due to the use of the 7-day week and 24-hour day in industry, possible transportation losses over the long sea routes, and defense aid "spot items" or emergency requirements.

POSSIBILITY OF PROCUREMENT

The program has been reviewed by the Chairman of the War Production Board, to determine its procurement possibilities, and he is of the opinion that contracts can be quickly and advantageously placed, industry can absorb the orders, and in general the time objectives can be met.

COORDINATION WITH LEND-LEASE

The lend-lease requirements in this program have been coordinated in the Bureau of the Budget with those of the Lend-Lease Administration for the remainder of the fiscal year.

ADDITIONAL AMOUNT REQUESTED FOR CLOTHING AND EQUIPAGE

The War Department has presented to the Bureau of the Budget, for consideration of the President, estimates in the amount of \$596,836,000 for the immediate purchase of cloth and findings to provide stockages which are considered necessary at this time.

This addition is desired not only to provide necessary stockages, but to utilize present available capacity of mills which would be idle unless additional funds are made available immediately for procurement of cloth. This project has been favorably reviewed by the Chairman of the War Production Board. The economic situation, as well as recently revised stockage requirements, have necessitated the addition of this item to the estimates. The Bureau of the Budget has

authorized the informal presentation of this item, pending formal transmittal by the President.

VIRGIN-WOOL CONTENT OF WOOLEN CLOTH

Senator HAYDEN. May I ask a question there? Is all woollen cloth virgin, General, or do you mix a certain amount of used wool in it?

General MOORE. With a few exceptions, it is virgin wool. I would rather have the Quartermaster General answer that question.

Senator HAYDEN. I have been told there is a shortage of wool all over the world.

General MOORE. Yes, sir. That is one reason for the appropriation.

Senator McKELLAR. Then we will get that later.

General MOORE. I have given a brief outline of the equipment program and shall be glad to answer any questions regarding it. Other War Department witnesses will give you any details of the estimates which you desire. I have a break-down, for the information of the committee, of these estimates.

(A discussion followed, off the record.)

WAGES PAID IN DEFENSE INDUSTRIES

Senator HOLMAN. Before we start the discussion in detail of this bill, I would like to make some observations for the information and consideration of the committee. We have to face, without any further delay, two factors that control the totals of our appropriations. One is the unlimited amount of pay roll or rate of pay for employment in industry incident to the national defense. I have a personal letter this morning which I want to quote for the record, wherein I am advised that a schoolboy, just out of the high school in Portland last June, is getting a pay roll check of \$110 a week. That thing is going on by the thousands and the hundreds of thousands, and we can't appropriate money enough to supply our Government with the needs for defense.

STRIKES IN DEFENSE INDUSTRY

The other factor is the matter of continuing strikes. The molders out on the Pacific coast have been on strikes. We cannot produce our requirements if this strike situation isn't taken in hand and if some regulation over the cost of labor isn't effected. I would like for the professional Army men who are presenting this matter to comment, without relation to the political aspects, on the effect this situation—to which I am directing particular attention at this time—is having on our defense effort.

Senator McKELLAR. General Moore, can you answer that?

STRIKES RESULT IN INCREASED COST AND DELAY IN PRODUCTION

General MOORE. The immediate effect is increased costs. Every time a strike occurs, it delays production.

INCREASE IN COST OF ITEMS FOR NATIONAL DEFENSE

Senator McKELLAR. How are your costs increasing, General? By what percentage are they increasing?

General MOORE. There have been price rises in practically all items procured in the national defense programs. The percentage, however, has varied with the different items. In the case of clothing and equipage, of which we buy substantial quantities, I would say that on the average the price rise has been about 33⅓ percent since the mobilization which was initiated in 1940. In a few items of clothing and equipage the increase was much higher. Likewise, in a few, slightly less. Of course, strikes delay production and increase costs later through the necessity of expediting production by overtime. However, it is impossible to determine just what percentage of the increased cost has been due to strikes.

APPROPRIATION OF MONEY ALONE WILL NOT WIN THE WAR

Senator HOLMAN. If I might make this further observation, my contention is that appropriating money, alone, will not win this war nor defend our country.

General MOORE. I agree with that, sir.

Senator McCARRAN. You have some idea that a proper application and expenditure of it might have something to do with it?

Senator HOLMAN. Absolutely.

PROGRESS MADE IN PRODUCTION OF WAR MATERIALS

Senator McKELLAR. General, are you progressing pretty well in your production of war materials?

General MOORE. Generally speaking. We are ahead of the schedule on some things and on other things we are not. On the rest of it, I would say we would better go off the record.

Senator McKELLAR. Yes.

(A discussion followed, off the record.)

APPREHENSION IN PACIFIC COAST AREA

Senator HOLMAN. I hope the committee will be patient with what I wish to present for their consideration. I have been very diligent for the last year in actually going out into the field and visiting various sites. I come from and represent, as the only member from that district on this committee, the Pacific coast area—by which term we refer to the three coastal States—where the people are not only alarmed but are becoming almost terrified at the condition confronting them. As the chairman states, I want to do everything I can to expedite the manufacture and delivery of all types of war engines and supplies which our combat forces so urgently need.

CAUSE OF DELAYS IN PRODUCTION

I am impressed here and have been impressed by my membership on other committees that time is the greatest factor in this whole thing. When we delay deliveries by methods that are inefficient, we

are defeating our purposes. Evidence that has been given before other committees is quite contrary to the complacent and satisfying evidence that has been produced here, that all is going well and is perfectly satisfactory, and nothing better can be expected. My evidence is quite to the contrary, and I would like to read some correspondence and state some items I think are examples of what I am trying to say. Further, I want to make the suggestion that this committee call before it General Ayers, with his charts, and have him give his account to this committee of the production or lack of production of every article of matériel required for the Army.

NEED FOR ADDITIONAL DEFENSE IN HAWAIIAN ISLANDS

To be specific, I have a message addressed to a leading banker in the Northwest on the subject of how well they are protected out in the Hawaiian Islands:

Thank you for your letters of February 3 and 11. It is most important you exert all possible assistance and speed. Double the present strength (in the Hawaiian Islands) is not enough.

That is his comment, that double the strength they now have is not sufficient. The warning has been passed on to me in a letter which I quote:

If I interpreted his message correctly, he believes that even though the strength of the defenses protecting the islands is doubled, the situation will still be unsafe. This individual is one of the foremost citizens of Honolulu and, I believe, was born in the islands.

Senator HAYDEN. Is he an Army officer or a civilian?

Senator HOLMAN. He is a civilian.

Senator HAYDEN. Does he have any competency to pass on a military situation?

Senator HOLMAN. Yes. Let me read you further:

His knowledge of conditions in that area is unquestioned, and it is my personal feeling that his warnings are entitled to the fullest consideration of the ranking executives of the Army, Navy, and air forces.

I have all respect for military men. But Senator Walsh testified this month that over the opposition of all the Navy men he and Representative Vinson sponsored the two-navy program. It did not come from the Navy men or was it initialed or sponsored by the executive.

Senator HAYDEN. Perhaps the commanding officer in the Hawaiian Islands wanted twice the men he had, but they had to be sent elsewhere. Would this man know that?

Senator HOLMAN. He knows the Army has been sent out to the Pacific coast, and the holding of the Hawaiian Islands is the defense of the whole Pacific coast. Do you mean this man is not competent to pass judgment on that question?

Senator HAYDEN. No. But he is in a city where they have been bombed and have had trouble, so that he is not an unbiased witness to say that Hawaii should be protected as against Los Angeles or Portland or any other place, when we have a limited amount of protection to give.

Senator HOLMAN. I am coming back to the production angle, and I am saying that instead of being complacent, we need more than we

have and more than we are getting now. We can do better than we are doing, as I can show you in a minute. But let me finish this:

This individual is one of the foremost citizens of Honolulu * * *. His knowledge of conditions in that area is unquestioned * * *. He is not given to exaggeration, but traditionally approaches the problems of life in a calm and intelligent manner. He is familiar with the temperament of the enemy and fully mindful of the strength of the opposing forces.

In other words, in the mind of a very sensible man, the Hawaiian Islands are not adequately defended, and I don't think the military men will say they are adequately defended. I don't think the coast is adequately defended. We have had it passed off with the expression that it is as good as we can do—but it isn't as good as we can do.

Senator HAYDEN. I didn't understand anybody to say it is as good as we can do; but that when we undertook this program, we were starting out from scratch, and the appropriations Congress has made have enabled them to undertake a very vast expansion; that the estimates they have made of when these materials would be delivered have been accomplished in many cases, and even exceeded.

Senator HOLMAN. Still, things that should be done are not being done, and effective moves are not being taken. I don't know where else to bring this up.

FAILURE TO BUILD ALUMINUM-FABRICATING PLANT IN BONNEVILLE DAM AREA

Let me tell you that after 4 months' investigation and the purchase of property and the leveling of property, a site was selected for a rolling mill or a sheetmaking or fabricating plant for aluminum in the Bonneville Dam area. This plant would have a capacity, estimated as near as I could get competent people to estimate it for me, of aluminum for 40 bombers a day or 96 pursuit planes a day. Therefore, every day's delay is costing the production of 40 bombers or 96 planes, or their equivalent. Yet after a long delay, in months, they now have changed their minds and have undertaken to make a survey, to acquire property up at Spokane, to proceed to level it off and so forth. There is an inexcusable delay. I don't care what the rank of the man is who is responsible. But I know time is the element, and we are losing time.

FAILURE TO AWARD CONTRACT TO LOWEST RESPONSIBLE BIDDER ON MACHINE GUN MOUNTS

I will take another example—and I want this in the record. There was to be let a contract calling for machine-gun mounts. I understand it was a contract approximating \$16,000,000 or more. The lowest responsible bidder—whose responsibility or capacity no one can question—was the Iron Fireman Co., with factories in Portland, Oreg., and in Cleveland, Ohio. The evidence given to me is that they were told to recondition their plant so that they could expedite delivery under the contract, while the practical business of signing up the contract was being done; that they spent approximately half a million dollars reconditioning their plant to expedite the production of the machine-gun mounts.

AWARD OF CONTRACT TO NONBIDDER

Then some washing-machine companies, for social-economic reasons, which companies had never bid on the contract, were given the contract at a price \$90,685 more than the figure submitted by the lowest responsible bidder.

AWARD MADE TO WASHING-MACHINE POOL DUE TO OFFICE OF PRODUCTION
MANAGEMENT BAN ON MANUFACTURE OF WASHING MACHINES

Senator O'MAHONEY. Mr. Chairman, it occurs to me, since a record is being made of this, that perhaps it would be appropriate to say at this point that my understanding with respect to the award of the contract to the washing-machine pool is that it was due to the fact that O. P. M. had placed a ban upon the manufacture of washing machines; that the contract was awarded to the washing-machine pool in order to prevent the laying off of several thousand workers who otherwise would have been laid off; and that the other contractor, I am told—and I can't vouch for this—had other contracts, so that it wasn't necessary for that company to lay off anybody. That may be the explanation, Senator, of the incident.

Senator HOLMAN. I will admit that. I said it was for social-economic reasons. But my point is that we are trying to win a war, and we must get things done. The lowest bidder spent, so I was told, half a million dollars in trying to expedite, and they threw that out the window. They weren't thinking about time, but about some economic reason.

SCHOOLBOY EARNS \$110 FOR WEEK'S WORK

Referring again to this letter, I am informed a boy showed a check for \$110 for 1 week's work; that he was a graduate from the high school last term. Think of that! We can't appropriate enough money for that! And the writer says, "Why should we buy bonds when you are going to throw away our money like that?"

I just say again that we cannot win this war by appropriating money only. I want to get these things into the hands of the military people. This kind of juggling orders won't win the war or get production.

STATEMENT OF LT. GEN. H. H. ARNOLD

General ARNOLD. The Air Corps portion of these estimates amounts to \$167,440,000 of which \$44,568,000 is for equipment or supplies which will be used by the Air Corps, the balance being equipment procured for other services and expenses incident to procurement of the above articles. Where the Air Corps is the procuring agency for using arms, representatives of those arms will be available to defend their requirements. I would like to take this opportunity to inform the committee of the purpose of the Air Corps articles to be procured.

(A discussion followed, off the record.)

ARMY NOT SATISFIED WITH PRODUCTION

General ARNOLD. Senator, I don't think you have had a single witness today who said he was satisfied either with production or the rate of production. We are not satisfied with it and don't want anybody to get the idea we are satisfied with it.

General MOORE. And I don't think anything in my testimony will indicate we are complacent about this matter, because we are not.

Senator HOLMAN. It has been said the standard is a certain graph, and it has been said if we approach that graph, it will be fine. But must we ignore this bill of particulars?

Senator McKELLAR. Is there anything else you have to say to us, General Arnold?

Are there any other questions?

PRODUCTION OF HIGH-TEST GASOLINE

Senator THOMAS. Before we conclude, I want to go into the question of the production of high-test gasoline.

(A discussion followed, off the record.)

Senator McKELLAR. Are there further questions, gentleman?

EXPEDITING PRODUCTION

Senator O'MAHONEY. Mr. Chairman, on page 5 of the House report there is a break-down of the total appropriation carried in the bill. The first item is given under the head of expediting production, \$3,011,512,000, and on page 6, under this heading, the report says:

The bill, in agreement with the estimates, includes \$3,011,512,000 for expediting production. This amount will be employed in expanding existing plants, establishing some few new ones, and tooling all.

It occurred to me that that deals precisely with the question which the chairman asked of Colonel Heiss a few moments ago, and perhaps he might desire to make some further statement with respect to it, the \$3,000,000,000 for expediting production.

Senator McKELLAR. I would like to have the Under Secretary come down for a few moments and explain what he intends to do under that item. We know we have to make these contributions to the manufacturers in order to make ready, and what we are interested in now is for them to get ready as quickly as possible.

(A discussion followed, off the record.)

ORDNANCE SERVICE AND SUPPLIES

Senator O'MAHONEY. Mr. Chairman, I might call attention to another item on this list, "Ordnance service and supplies, Army, \$13,-252,200,000." I am wondering whether under this item you care to make any comment upon the rate of production of Garand rifles, for example. In other words, are we producing the ordnance equipment rapidly enough for the contemplated army?

(A discussion followed, off the record.)

Senator McKELLAR. Are there any other questions, gentlemen, for any of these officers?

EXPEDITING PRODUCTION

Senator HOLMAN. I would like to make this comment, if I may. I would like the officers who appear to file with this committee, in connection with their evidence, a statement of their needs and their frank comments on production, because I think what this committee has to do, besides making appropriations, is to endeavor in some way to speed up production.

QUARTERMASTER CORPS

STATEMENT OF BRIG. GEN. R. M. LITTLEJOHN

ADDITIONAL AMOUNT REQUESTED FOR CLOTHING AND EQUIPAGE

Senator McKELLAR. For clothing and equipage, there is an additional item of \$596,836,000. How much is to be spent for clothing and how much for equipage?

General LITTLEJOHN. That will be divided practically equally. Clothing is based upon troop strengths, and there is also special clothing for flying cadets, for nurses, and some for special combat troops.

The second 50 percent provides duck, webbing, and findings for tentage and individual equipment, such as the soldiers' ammunition belts, the pack carriers, the shelter halves, and things of that kind. There is in industry today considerable capacity available in these items, which we can get at an early date.

In order to provide for the army properly, we must go into the market today and take the production that is available, in order to have on hand the finished garments and the finished items of equipage, so that the manpower can be provided with the initial equipment, and that the Army in being can be provided with the necessary maintenance.

AMOUNT IN BILL FOR CLOTHING AND EQUIPAGE

The \$928,928,000 carried in the basic estimates before the committee makes provision for maintaining the currently authorized Army through December 1942. That is, it provides the initial issue of both clothing and equipage for the new increments coming in this calendar year, along with the necessary maintenance. We have definite allowances of clothing and equipage; likewise, we have definite formulas on which we base our calculations. Therefore, it is purely a question of mathematical computations.

The \$596,836,000 provides the basic cloths, duck, webbing, and findings for the Army that is proposed to be in being during the period January 1, 1943, and June 30, 1943. In other words, this is an advance against future requirements in view of the long period of time required to convert dollars into substantial quantities of clothing and equipage. Funds for the conversion of these basic cloths, duck, webbing, and findings, into finished articles will be required in future appropriations.

PURCHASE OF WOOL

Senator McKELLAR. Is there any shortage of wool in this country?

General LITTLEJOHN. Yes; there is. We have worked out a tentative program in pounds by quality. Those figures are not definite and final. We are analyzing those in conjunction with the Price Control Administration and the War Production Board, in order not to take all of the visible supply of wool and to leave a suitable quantity for the civilian population.

Senator McKELLAR. I believe the question was asked by Senator Hayden this morning, and I don't know whether it was answered, but I don't believe it was: Are you going to use an admixture of other material in your wool?

USE OF REWORKED WOOL AND TRIMMINGS

General LITTLEJOHN. Yes, sir; at the present time the only fabric in which we use a reworked wool is the overcoat. The overcoat is 65 percent virgin wool and 35 percent reworked wool. We have been utilizing trimmings to make linings for combat suits and field jackets.

NEW BLANKET SPECIFICATION

The other item we have under consideration in regard to changing the specification is the blanket. We do not intend to reduce the warmth, but we feel it is necessary to add some reworked wool in order to meet our military requirements and avoid changing as long as we can the specifications on the soldier's uniform cloth.

NO CHANGE IN CLOTH FOR UNIFORMS

Senator McKELLAR. What about the uniform itself, the coat and trousers? Do you expect to make any changes in the requirements?

General LITTLEJOHN. We hope not.

Senator McKELLAR. Is there any provision made here for khaki?

General LITTLEJOHN. Yes, sir.

Senator McKELLAR. How much is there here for khaki cloth?

General LITTLEJOHN. I haven't that broken down that way.

Senator McKELLAR. Would you mind supplying it, or should it not go into the record?

General MOORE. I shall be glad to furnish the information for the committee.

Senator McKELLAR. Then you will let us have that.

General LITTLEJOHN. Yes, sir.

(The information was filed with the committee.)

PURCHASE OF COTTON

Senator McKELLAR. I am wondering what the demand for cotton will be, to furnish the supplies you need.

(Discussion off the record.)

QUESTION WHETHER ARMY SHOULD PURCHASE ENTIRE DOMESTIC WOOL CLIP

Senator O'MAHONEY. Mr. Chairman, during the World War the Army took over the entire domestic wool clip. It worked out rather satisfactorily both for the Army and for domestic producers. Recently, the National Wool Growers Association, in their convention at Salt Lake City, adopted a resolution urging that the same policy be adopted this year. I understand from the War Production Board that while the matter has been under consideration there has been opposition to it expressed in the War Production Board. Have you any information with respect to it?

General LITTLEJOHN. Yes; we have carried on several conversations with the Price Control Administration and the War Production Board, and, in the last 2 or 3 days, with the National Wool Growers Association, trying to arrive at an agreement satisfactory to all concerned. The Quartermaster General prefers not to embark on a program of purchasing all the wool. We feel the program we have outlined, contained in these estimates, will bring in this domestic wool at a fair price to the producer, and the Government not have the necessity and expense of setting up the big administration they would have to have, including warehouses, personnel, and so forth.

Senator O'MAHONEY. As one who has been following this problem, I think the Quartermaster General's office has done a good job in safeguarding the interests of the producer. It isn't always understood, General, that the producer finds himself at a disadvantage as compared with the manufacturer, because the producer turns his wool over in the grease. The manufacturer deals in terms of clean wool.

General LITTLEJOHN. That is right.

Senator O'MAHONEY. When price ceilings are fixed in terms of clean wool, the producer is at a loss to know how to transform that into terms of price in the grease, because naturally that varies with the different States and even with different ranches. So that I think that, primarily, is the reason why producers feel it would be a desirable thing to take over the whole clip. If, as you say, it would involve a large expenditure by the Government, and an additional expenditure, that, of course, would be a consideration.

(A discussion followed off the record.)

MEMORANDUM PREPARED BY NATIONAL WOOL GROWERS ASSOCIATION

Senator HAYDEN. For the record, Mr. Chairman, I would like to file a memorandum prepared by the National Wool Growers Association.

Senator McKELLAR. It will be inserted in the record.

(The memorandum follows:)

ADVANTAGES FROM HAVING THE GOVERNMENT CONTROL THE WOOL SUPPLY

This memorandum has been prepared by the National Wool Growers Association. The association's annual convention adopted a statement on January 23, in which it endorsed the proposal that the Government should take over the 1942 clip along the lines employed in 1918 when the Government took ownership of the entire wool supply. That plan operated very satisfactorily to the Government, and to the growers and the manufacturers.

The paramount consideration is, of course, the serving of the war program. We will, therefore, first discuss the advantages which would accrue to the Government under a program of controlling the supply.

ADVANTAGES TO THE GOVERNMENT

First, a look at the extent of visible supplies and requirements.

Supplies.—For December 31, 1941, the Bureau of the Census reported stocks of apparel wool of 312,856,000 pounds, greasy shorn basis; also 43,319,000 pounds of packers' pulled wool, equal to 65,000,000, on greasy shorn basis, or a total of about 378,000,000 pounds.

The 1942 domestic total clip (shorn and pulled) is expected to equal something over 500,000,000 pounds, greasy shorn basis.

The Defense Supplies Corporation is reported to have in storage in this country 279,000,000 pounds of Australian and South African wool which is not yet being released for manufacturing. The bulk of this is Australian wool, purchased from the British Government. The balance, from South Africa, is still owned by Great Britain but can be secured by our Government when desired.

The visible supply for 1942 is therefore 1,157,000,000 pounds, exclusive of additional probable imports from South America and Australia during the year.

Requirements.—On January 21, at Salt Lake City, Brig. Gen. C. L. Corbin, said: "The Army is now on a combat basis, with a raw wool requirement per man calculated at a weight of 100 pounds, scoured weight, for the first year in service.

"We now have enough wool items on hand or contracted for to supply combat needs for the present Army of about 1,750,000 men through 1942.

"Our domestic production in 1941 amounted to about 210,000,000 pounds, scoured basis. If we increase the Army by 2,000,000 men in 1942, there will be need for 200,000,000 more pounds of scoured wool. In 1943, the scoured wool requirements would then total not less than 150,000,000 pounds for the maintenance of this Army of about 3,750,000 men. If, in 1943, another 2,000,000 men are inducted, the total scoured wool requirements would then amount to not less than 350,000,000 pounds for that year.

"The United States production in 1942, therefore, would just about meet the Army wool requirements on the basis discussed above. The 1943 production would meet only 57 percent of such requirements."

The 1943 requirements for the United States Army, anticipated by the General at 350,000,000 pounds, scoured weight, represents 875,000,000 pounds greasy shorn basis which is equal to the capacity of the mill equipment adapted to production of defense clothing material. If supplies for 1943 are placed at the same figure as above, 1,157,000,000, the balance available for lend-lease supplies and civilian use would be only 262,000,000.

Going back to 1942: the General placed army requirements as equal to the domestic production. This would seem to leave 600,000,000 pounds for other uses, or about the amount used in 1941 for civilian purposes. But there is the lend-lease problem. We can obtain no official estimates of lend-lease requirements. It is said that Russia wants and expects vast supplies of woolen cloth and blankets.

In any event, it is apparent that if we are to meet the estimated needs of our own Army in 1942 and 1943, and to furnish substantial amounts under our lend-lease program, nearly, if not all of domestic production, imports, and Government stocks will be required. If imports from South America, or Australia, or from both countries, were shut off, the situation would be most critical.

Restriction of civilian use.—Also, the restriction of the use of wool for civilian purposes should be much more thorough and satisfactory with the Government in actual control of the stocks.

The present War Production Board order restricting amounts of wool used for civilian goods prescribes a certain percentage of the amount used by the same concern in some part of 1941. Under the control plan, the wool for civilian goods would be issued from stocks, completely insuring the use of only the actual amounts and qualities found possible to be allocated to civilian purposes with safety to the military program.

Allocation.—Another great advantage to the Government would come through Government control, in that kinds of wool needed for Government goods contracts would be allocated to the contracting mill, thereby preventing loss that now comes through inspector's rejection of wools after mills have purchased them to go into a Government order. Also wools could be shipped direct to mills

from original points of storage or appraisal without necessity for going into a central market for sale and reshipment out to the point of manufacturing.

Price.—It is not expectation of increased price that prompts the proposal for full Government control of wool.

If the plan should be adopted, the price paid for wools obtained would in all probability be the same as, or in line with, the Office of Price Administration ceiling price, imposed on December 9, 1941, and now being revised to comply with the provisions of the Price Control Act.

The Government could place its own price upon wool issued for Government contracts or other uses. As happened in 1918, the issue prices might well be sufficient to reimburse for the original cost and to cover much or all of the costs of assembling, classifying, and distribution.

Difficulties in operation under ceiling prices.—Referring only to the 400,000,000 (plus) of domestic shorn wool. It is impossible to state a ceiling price for wool in a way that can be interpreted by a grower in application to his own clip. This is because of the fact that the natural shrinkage (loss of weight in scouring) is so important in connection with price and is so widely variable.

Operating under only a price ceiling the individual grower must do one of two things: (1) Effect a sale at home to a representative of a wool-trading concern; or (2) consign his wool to a concern at a market to be prepared, appraised, and sold for his account at an agreed charge for the service.

Around 80 percent of the country's clip is ordinarily sold under the first method. In 1942 the grower would find himself in this position: The man who came to buy his wool would be free to buy as low as he could and free to make as much profit as he could, subject to the necessity of reselling within the official ceiling price. As said, the grower rarely has the ability to appraise his grease wool under a set of prices stated in terms of "clean content." He will therefore have grounds for feeling that he is less fairly treated by his Government than is the dealer, the manufacturer, or the top maker.

The dealer may have such profits as he can find in buying below the ceiling in trades in which he can interpret the ceiling price, while the seller, who is the grower, cannot do so.

The manufacturer who produces cloth for the Government may perhaps have a ceiling on his cloth price. If so, the price is made in consideration of the cost of wool, wages, and other expenses in processing, and with an allowance for profit.

The wool top maker carries his wool only to the stage of combed wool or tops. He resells it to the spinner of yarns. The spinner may also do the weaving into cloth or resell his yarn to a weaver. But in the case of either tops or yarns, the ceiling price is constructed on the basis of cost of material, cost of processing, and some profit.

It is therefore to be expected that the grower will consider that he is forgotten and unprotected in his operations while the others who use his product are protected.

It may, and doubtless will, happen that a considerable part of the growers will be unwilling to dispose of their wools to those who are free to make a profit on them. At the same time they would cheerfully and readily deliver them to the Government under arrangements that would insure them the receipt of the Government price.

Necessity of selling only under customary methods and attempting to outwit the more competent buyer would afford no stimulus for greater production. In fact, it could, to a real extent, have the effect of lessening production.

Recently the British Government announced discontinuance of sales to the American trade of 64's wool, the grade most in demand by American mills. This seems to show further reason why our Government should directly control the supplies of the wool it needs.

In the first months of the war Great Britain announced the taking over, at stated prices for duration of war and 1 year afterward, of all Australian, all New Zealand wools, and those of the British Isles. Later the production of South Africa was included.

It is now understood that our Government is negotiating an agreement with Argentina and Uruguay under which this country will purchase any surplus or otherwise unsold wools in those countries.

The O. P. A. recently raised its ceiling prices on South American wools to aid importations needed by mills for contracts on overcoating cloth. The South American markets were advanced there, and the results were unsatisfactory.

With our Government controlling prices on domestic wool and endeavoring to help Argentina and Uruguay, it would seem inevitable that it must take the full step of taking over our own production, as England took over its production at the outset, and being fully in control of the wool situation,

QUESTION AS TO PURCHASE OF ENTIRE WOOL CLIP

Senator McCARRAN. Mr. Chairman, I am sorry to have been absent at the time of the testimony of the General with reference to the wool situation.

Senator McKELLAR. He has gone into it very fully.

Senator McCARRAN. Is there contemplation of the Government or the Army taking over the wool clip?

General LITTLEJOHN. We would prefer not to do so and feel the scheme we are working on will be mutually satisfactory to all concerned, and by inviting bids requiring a percentage of domestic wool, we will be able to absorb a very substantial percentage of the American clip.

Senator McCARRAN. What I fear in that is the speculative feature, and I think that is the attitude of the producers today. Assuming a ceiling will be set, there will be a varying back and forth and the producer will hold back because of the middleman working in between the ceiling and the field, so to speak, if I make myself plain.

General LITTLEJOHN. Yes, sir.

Senator McCARRAN. And you will find a fair percentage of your producers holding back for a better price. Whereas, if the Army took it over at the ceiling, they would have immediately command of the entire clip and know exactly what they had to figure on, and that would relieve the industry of the hesitancy and produce a greater degree of satisfaction to the industry—by which I mean the producer.

General LITTLEJOHN. We are discussing that now with a representative of the National Wool Growers Association. But in the conversations we have had with the Price Control Administration and the War Production Board, we have felt we could draw this wool into production at a fair price and avoid, on the part of the Government, the necessity of setting up the large machinery we had in the last war.

Senator McKELLAR. If there are no further questions, gentlemen, we are very greatly obliged to you.

We will meet tomorrow at 10:30.

(Whereupon, at 1:15 p. m., the subcommittee was in recess until 10:30 a. m., the following day, Friday, February 20, 1942.)

FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL FOR 1942

FRIDAY, FEBRUARY 20, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee reconvened, pursuant to recess, at 10:30 a. m., in the committee room, Capitol, Hon. Kenneth McKellar (chairman of the subcommittee) presiding.

Present: Senators McKellar, Glass, Hayden, Tydings, Overton, Thomas of Oklahoma, McCarran, O'Mahoney, Bankhead, Nye, and Holman.

WAR DEPARTMENT

STATEMENT OF HON. ROBERT P. PATTERSON, UNDER SECRETARY OF WAR, ACCOMPANIED BY COL. G. K. HEISS, OFFICE OF UNDER SECRETARY OF WAR, WAR DEPARTMENT

(At the conclusion of Mr. Patterson's statement, which was all off the record, Senator Holman presented the following:)

AWARD OF CONTRACT FOR MACHINE-GUN MOUNTS

Senator HOLMAN. Mr. Secretary, I have never been satisfied with the explanation given in the following case, in terms of saving our country and defeating our foes. I am a member, I believe, of more committees of the Senate having to do with national defense and the waging of the war than any other Member of Congress. I have been very attentive on all the committees and repeatedly, as by the testimony of the Undersecretary of War this morning, I have been impressed that the one great factor, the controlling factor, in winning this war is the time element, in the speed of coming into production.

Now, I will recite a case with which the Secretary is personally familiar and on which he may have more information than I have. Several months ago a concern known as the Iron Fireman was the lowest responsible bidder, and was so informally designated, on certain machine-gun mounts. The Iron Fireman people had previously proceeded to renovate or recondition their plant, to switch it over from the business in which they were engaged to the making of machine-gun mounts and other ordnance matériel. However, after they had spent approximately half a million dollars in renovation and were the low bidder, they were not given the contract; but the contract was given to some washing machine manufacturers, for the reason,

as I understand, of dislocation of labor employed in that particular section.

My point is this: Dismissing everything else but the time factor, surely the time was lost which could have been gained had our Government taken advantage of the approximately half a million dollars expended in preparing these facilities in the stoker industry to make machine gun mounts, since the washing machine industry also had to revamp its plant. So is it not true and do you not admit there was a loss in time—reducing the question to the one factor of time?

Mr. PATTERSON. I can't say, Senator Holman, on the time. I am quite familiar with the case, as you intimated.

Senator HOLMAN. Yes.

Mr. PATTERSON. That came up when we were trying, as we still are trying, to convert industry from civilian production to war or military production. The washing machine industry was an industry that was being forced out of business, due to shortage of raw materials and priorities. They made a cooperative effort in the industry to take an order for the 50-caliber mounts, that is, the antiaircraft mounts for 50-caliber machine guns.

Senator HOLMAN. They had not, however, entered into the bidding on this contract.

Mr. PATTERSON. Not at first.

Senator HOLMAN. Not until the bids were opened and this firm was told to renovate their plant.

Mr. PATTERSON. As I recall it, their bid was lower than that of the Iron Fireman, and the job was let at a lower price, particularly when you consider the fact there was no escalator clause, whereas I think the Iron Fireman people did have such a clause, which might increase the cost to the Government.

I think the Ordnance Department was correct in the allocation of that business. At the time, they did not have funds to put both into production. If they had had, I think perhaps that would have been the feasible thing to do. But the washing machine industry was believed fit, with a certain amount of retooling, to produce these mounts. It would put the resources of quite a large industry into the production of military matériel.

The Iron Fireman Co., a good company, had been getting business, subcontracting from the Boeing Co., and we thought their resources in Portland would continue to be used in the production of aircraft equipment for Boeing, at Seattle.

Senator McCARRAN. Mr. Secretary, I think his question is based on the premise they were the low bidder.

Mr. PATTERSON. They were the low bidder in the San Francisco district. I think the washing machine groups figure was a cheaper figure to the Government. The case was up in November or so, as I recall it.

Senator HOLMAN. My information was that this really had nothing to do with Portland, Oreg., but it was their Cleveland, Ohio, plant that was going to do the work. And please get this: I am not interested in any individual project. I want to win the war. If the thing to do is to build these things in Tasmania, that is all right with me. I am addressing myself to the element of time, which everyone is stressing. There is time lost, or there is not time lost. If we are

going to be guided by social-economic problems in waging this war, that is another story. But, on the element of time, is it not true that if the contract had been let as originally intended, when the bids were first opened and, as I understand, this company was told to convert their plant to the purposes of this contract and did spend, as I was told, nearly a half million dollars to that end—and which in itself must have taken a considerable length of time—that would have been far better than starting all over again? As far as the element of time is concerned, was there not a delay there that could have been avoided?

Mr. PATTERSON. I can't say. I would have to compare the schedules of the two propositions as to time. I can't conceive of their spending such a large sum of money, or anything like it.

Senator HOLMAN. It does seem a large sum; but that was the figure used by the witness in your office, as I recall it.

Mr. PATTERSON. Of course, they never were told they had the bid. There was no cancelation in the case. They submitted the bid and then what they did was this: They went down to Aberdeen Proving Ground and looked at the job, as an engineering job. They doubtless had some expenses as a result of their people going down there and making a study of the job they were going to bid on; and then they put in a bid. The bid was never accepted. At that point the Ordnance Department suspended procurement of that item out in the districts, because they were dickering with the washing machine industry for the item. They did then make a deal with the washing machine people to produce it. I think that is the case.

Senator HOLMAN. I am still addressing myself to the element of time.

Mr. PATTERSON. I can't say as to time.

Senator HOLMAN. And I think time was lost.

Mr. PATTERSON. I could look into it and find out.

LOCATION OF ALUMINUM FABRICATING PLANT IN PACIFIC COAST AREA

Senator HOLMAN. The other matter I want to call to your attention is this: The Government determined to put out in the Bonneville Dam area, where it is contended the lowest power rates in the country are available and where already there are three aluminum-ingot manufacturing plants, an aluminum fabricating plant. This decision was arrived at in June 1941, and in November 1941, after between 5 and 6 months of surveying and studying the entire area, as well as all over the country, it was determined to locate this plant at a little place called Fairview, near the Bonneville Dam.

The Government bought 160 acres of land, and paid for it \$62,804.50. Tractors, bulldozers, compresses, and so forth, were employed in clearing the site, and \$10,000 was expended therein. That covered 6 weeks or 2 months, from November until after Christmas; and some time, as I understand it, after Christmas—and the first I heard of it was January 1 or 2—there was an order to stop work there. From that date and down to the present, nearly 60 days have been consumed in further study of the situation, and finally it was decided to go to Spokane, Wash.

In this case every day's delay has cost, in terms of airplanes, the production of sheet metal required to build 40 bombers or 96 pursuit

planes, on estimates I have had prepared, and I believe carefully prepared. Sixty days' delay, at 40 bombers a day, is 2,400 bombers, just in terms of delay.

I would like to submit to the committee my correspondence so that you will all have it. But speaking only in terms of delay, you have been saying that, if we can't get these bombers and pursuit planes, we are not going to win this war, or it will be harder and longer, and we will have to go out and recapture things we are now losing. I just want to say that much to the Secretary, and I have addressed to you this letter, because my questions have not been answered. I don't believe you received the letter until this morning. I have also addressed letters to General Marshall. What I want to know is the exact date of the stoppage order and how long it will take before a site at Spokane can be acquired and prepared, comparable to the site at Fairview, and so on.

Mr. PATTERSON. Let me say this: That we have no responsibility in the War Department for the production of aluminum. We are vitally interested in the production of aluminum on account of its being indispensable to aircraft as well as other armament. Aluminum expansion is arranged in this way: The War Production Board make the plans, because they are responsible for the expansion of raw materials. The plans are transmitted to the War Department by the War Production Board, and if we approve—and we always have, and promptly—they are transmitted by us to the Defense Plant Corporation, a subsidiary of the R. F. C. The deal—that is, the actual negotiation and making of contracts—is carried on by the Defense Plant Corporation, which makes a contract with the proposed constructor and operator. The details of the whole transaction and of the progress of the project are carried on by the Defense Plant Corporation. We are interested; but the deals mentioned by Senator Holman are beyond our scope. I can't say what the delay has been, in the instance cited by him, on the aluminum project in the Bonneville area.

This I know: That in the case of the project recommended as planned by the War Production Board, or the O. P. M., as it was then, we promptly forwarded it to the Defense Plant Corporation. It included, at a place called Troutdale, a project for an aluminum ingot plant; this location was dictated by the need of power. You need a tremendous amount of power for the production of aluminum ingots from the alumina, which in turn comes from bauxite. At that time also included for that location was a fabricating plant to produce the final product to be used in aircraft. Pearl Harbor came, and on December 7 the wisdom of putting the aluminum rolling mill, which did not require tremendous amounts of power as did the ingot mill, at that location was questioned. The Defense Plant Corporation, concurred in by the War Department and the War Production Board, advised that it be located at a safer distance from the coast; a similar project originally designated for southern California, near Los Angeles, to be combined with the Troutdale project into a 10,000,000-ton installation at Spokane.

The wisdom of that was subsequently questioned. It was submitted to the War Plans Division of the War Department, simply from the military strategy of the thing. The War Plans Division favored the Spokane location.

(A discussion followed off the record.)

As far as the delay is concerned, mentioned by Senator Holman, I can't say, because the details of these operations are not in the charge of the War Department.

Senator HOLMAN. I want to make this comment, just as a practical proposition. Evidence before other committees by military men has been that only suicide squads with some particular objective, such as a strategic factory or dam, are probable at the present time; and that being so, it would be futile, it seems to me, for such a suicide squad to set out to attack a secondary industry, when all it would have to do is to destroy a power dam—and then every plant depending upon that power for its operation would be just dead and cold.

Another secondary industry located in a large area where other industries already are located would not, in my opinion, increase the hazard to the operation of that industry to such an extent as to nullify other factors which are of great value to its economy and efficiency of operation. But I won't pursue that discussion here.

CORRESPONDENCE SUBMITTED BY SENATOR HOLMAN

Mr. Chairman, I ask permission to put into the record the correspondence in this matter, which may be rather illuminating.

Senator McKELLAR. That will go into the record. If there are no further questions gentlemen, we are very much obliged to you, Mr. Secretary and Colonel Heiss.

(The correspondence referred to follows:)

(By special messenger)

FEBRUARY 19, 1942.

HON. ROBERT P. PATTERSON,
Under Secretary of War, Washington, D. C.

MY DEAR JUDGE PATTERSON: I have had previous correspondence with you concerning the location of an aluminum fabricating plant in the Pacific coast area.

I enclose herewith copies of two letters I addressed to General Marshall on February 16, together with a copy of General Marshall's response, dated February 18.

I desire to secure detailed answers to the specific questions I presented to General Marshall and in view of the first sentence of the second paragraph of his letter, I submit to you the inquiries I presented to him on February 16.

I have an urgent need for a comprehensive statement on this subject from competent administrative authorities for my use in the Senate Appropriations and Military Affairs Committees, and your prompt response to this request will be appreciated.

Sincerely yours,

RUFUS C. HOLMAN.

[Received at 3:30 p. m.]

WAR DEPARTMENT, *February 18, 1942.*

HON. RUFUS C. HOLMAN,
United States Senate.

MY DEAR SENATOR HOLMAN: I have your letters of February 16, 1942, requesting reasons for the War Department's attitude that a proposed aluminum plant should be located east of the Cascade Mountains.

In this matter protection is the only factor which comes under the purview of the military agencies of the War Department; other factors are matters for consideration by the Under Secretary of War. If we are to assure protection of such installations, it would not be wise to place them along the coast, where they would constitute remunerative targets for hostile air raids. In case of a determined attack against our coast line, we would be deliberately sacrificing the defensive value of terrain. In this event, plants along the coast would be in the

most active part of the combat zone. Their preservation would not only be threatened but their protection would constitute an added burden on the military commander.

We are now embarrassed by the location of vastly important aviation plants along the Pacific coast. I believe the people on our coast lines now recognize that the construction of additional vital defense plants in their midst only increases the possibility of hostile action, dangerous not only to the industries but to the people themselves.

Faithfully yours,

G. C. MARSHALL, *Chief of Staff.*

(By special messenger)

FEBRUARY 16, 1942.

Gen. GEORGE C. MARSHALL,

Chief of Staff, War Department, Washington, D. C.

MY DEAR GENERAL MARSHALL: I am in receipt of a communication from Mr. Donald M. Nelson, chairman of the War Production Board, relative to the location of an aluminum fabricating plant in the Pacific coast region. With this letter Mr. Nelson transmitted copies of correspondence with Under Secretary of War Patterson. One of these letters, dated February 9, 1942, and signed by Judge Patterson contains the following paragraph:

"The matter was discussed today with Maj. Gen. R. C. Moore, Deputy Chief of Staff. General Moore took the case up with General Marshall, Chief of Staff, and reported that under no circumstances could General Marshall agree to the location of the aluminum rolling mill at Los Angeles. He also reported it as General Marshall's view that Spokane was preferable to either Portland or Los Angeles from the War Department viewpoint. General Moore had your letter with him when he discussed the matter with General Marshall."

To me there seems to be some uncertainty as to your positive determination as between the Fairview, Oreg., site already selected, and the proposal to move the plant to Spokane, with the resultant delay which must inevitably occur. I shall therefore be indebted if you will advise me in specific language just what your position is with respect to this proposal.

I enclose herewith a copy of a letter I have just addressed to Mr. Nelson, which states briefly some of the more important factors, which, in my opinion, must be weighed against the theoretical proposition that the greater the distance from the coast the safer the location.

Thanking you for your personal consideration of this matter, which is vital to the Pacific coastal area, and which, in my opinion, is also of vital importance to the successful prosecution of the war, I am

Sincerely yours,

RUFUS C. HOLMAN.

(By special messenger)

FEBRUARY 16, 1942.

Hon. DONALD M. NELSON,

Chairman, War Production Board, Washington, D. C.

MY DEAR MR. NELSON: With further reference to the proposed establishment of an aluminum fabricating plant on the Pacific coast, I enclose herewith a telegram I have just received from Mr. Phil Parrish, editor of the Portland Oregonian. I endorse wholeheartedly the statements set forth in this telegram except that I wish to add that the red line, which is supposed to define the strategic production area, is east of the Rocky Mountains, not west where Spokane is, and west of the Allegheny Mountains.

I wish to venture this thought for your consideration: While it is admitted the greater the distance from the source of attack, the safer the project from attack; yet there are other factors which must be considered in order to assure a correct final determination. At the risk of duplicating some arguments I have previously submitted to you, I restate these factors briefly as follows:

(1) In the present case approximately 200 miles in aerial distance is offset by possibly 300 miles of surface distance. Over this surface distance there must be safeguarded from sabotage already overloaded transportation facilities, including tunnels, bridges, tracks, rolling stock, warehouses, etc. The value of any commodity depends not so much on what it is but where it is, and if the fabri-

cated aluminum articles are stalled because of the destruction or impairment of transportation facilities any advantage of the remoteness of the fabricating plant from the source of attack is nullified.

(2) The location of the fabricating plant as first determined at Fairview, Oreg., is in an area frequently obstructed from view from the air by fogs, whereas the Spokane area supplies no such protection from visibility.

(3) The supposed barrier of the Cascade Mountains, which are regularly crossed by commercial airplanes, is nothing more than a wrinkle in the earth to combat planes flying from 15,000 to 20,000 feet high.

(4) The Fairview site is on tidewater in the Columbia River and five trans-continental railroads serve that area as against only the Northern Pacific and the Great Northern serving the Spokane area, except by roundabout rail connections.

(5) Testimony before the several committees pertinent to the consideration of this subject, of which I am a member, justifies the statement that the military, naval, and air authorities consider possible now only attacks from the air by suicide squads, having some specific strategic industry or source of power as an objective. The most exposed of such vital objectives are the airplane plants and navy yards in the Puget Sound and Los Angeles areas, which are immediately upon the coast, and have in addition the great hazard of destruction or impairment by sabotage on account of the congestion of possible alien enemies and the Japanese who have dual national allegiances. The military objectives of second importance are the generating power plants, whether they be hydroelectric or steam, and irrespective of whether they are publicly or privately owned. I am convinced that no suicide squad would waste time on a fabricating plant regardless of where it was put, when by destruction of the power plant or plants supplying it, the utility of the fabricating plant would be utterly destroyed, because it would be impossible for it, or the ingot plants, airplane factories, shipyards, and all essential and other industries to operate without power.

(6) Last and greatest reason for reestablishing the order to proceed with the construction of the fabricating plant at Fairview is that the expense of acquiring the property and the construction development already accomplished, together with the availability of the excavating machinery already assembled on the site, will save months of invaluable time. Every day's delay has cost the defense of our country, and will continue to cost the defense of our country, the equivalent of 40 complete bombers or 96 complete pursuit planes.

I hope I may be afforded an opportunity to confer with you personally relative to this matter before a final determination is reached.

Sincerely yours,

RUFUS C. HOLMAN.

(By special messenger)

FEBRUARY 16, 1942.

Gen. GEORGE C. MARSHALL,

Chief of Staff, War Department, Washington, D. C.

MY DEAR GENERAL MARSHALL: Supplementing the letter I sent to you by messenger several hours ago, I desire to submit the following:

If you favor the location of the aluminum fabricating plant at Spokane rather than at Portland (Fairview), will you kindly give your reasons therefor, appraising the military value of all the factors considered, including the time factor, which every witness has impressed upon the members of appropriate congressional committees as being the paramount factor in the preparation of our armed forces to overcome the onslaught of our enemies. Moreover, is not the effect of the morale of our countrymen residing in the Pacific coastal area going to be disastrous if the Chief of Staff of the United States Army takes the position that factories in that area, and consequently the people there, are not secure in their persons, employment, and property?

Sincerely yours,

RUFUS C. HOLMAN,

Chairman, Committee of Senators and Representatives from West Coast States Investigating Defense of Pacific Coastal Area and Alaska.

[By special messenger]

FEBRUARY 19, 1942.

Mr. A. H. BUNKER,

Chief, Aluminum and Magnesium Branch, Washington, D. C.

MY DEAR MR. BUNKER: I am writing with reference to the proposed establishment of an aluminum fabricating plant in the Pacific coast area.

Advices I have received from Mr. Donald M. Nelson indicate that this plant is to be moved from Fairview, Oreg., to a site in the vicinity of Spokane, Wash. Please advise me the exact location of the new site, whether it has been acquired by the Government, and, if so, when it was acquired and the cost to the Government. I should also like to know whether any work has been accomplished and, if so, the date such work was commenced and just what has been accomplished toward the construction of a plant. I should also like to have an estimate from you as to the time which will elapse before the project at the new location will be at a comparable stage of construction to the Fairview site at the time work there was discontinued. I should also like to have your estimate of the total time lost as a result of the decision to move the plant to Spokane.

Please furnish this information to my office by telephone and confirm it in writing.

Sincerely yours,

RUFUS C. HOLMAN.

[By special messenger]

FEBRUARY 18, 1942.

Hon. DONALD M. NELSON,

Chairman, War Production Board, Washington, D. C.

MY DEAR MR. NELSON: Just to complete the record of my presentation of the subject of the location, or relocation, of the aluminum fabrication plant in the West, permit me to state that not one military man has recommended to me personally, or justified, the order stopping the construction of the already begun work of erecting the plant on property acquired by the Federal Government for that purpose at Fairview, Oreg. It is only when the matter is considered by nonmilitary men (Judge Patterson, Under Secretary of War, et al.), who are in authority in the War Department, that a decision adverse to the location of the plant at Fairview, Oreg., is made for strategic reasons.

Very sincerely and cordially yours,

RUFUS C. HOLMAN.

WAR PRODUCTION BOARD,
Washington, D. C., February 14, 1942.

Hon. RUFUS C. HOLMAN,

United States Senate.

DEAR SENATOR HOLMAN: With further reference to your letters of January 23, 26, February 4, and 7, and mine of February 6, concerning the location of an aluminum rolling mill on the west coast, I enclose herewith copies of memorandum of January 20 to Mr. Batt from the Under Secretary of War, together with my letter to the Under Secretary of February 9, and his reply as of the same date.

These letters would appear to be self-explanatory, and while I regret that the decision they contain is not in accord with your opinion in the matter, I have come to the conclusion that under the circumstances the views of the War Department should prevail.

Sincerely yours,

[Signed] DONALD M. NELSON.

FEBRUARY 9, 1942.

Hon. ROBERT P. PATTERSON,

The Under Secretary of War.

DEAR BOB: We received on January 20 a communication from the War Department requesting that a proposed aluminum rolling mill for the Pacific coast be placed at Spokane.

I have reviewed the figures on this situation with Mr. William Batt and find that it would cost us approximately \$2,000,000 more per year to locate the plant at Spokane than at Troutdale. By all the logic of the situation the plant ought to be located at Los Angeles. Not only will it cost less but there will be less congestion of freight if the plant is located at Los Angeles, and I am very fearful that the freight situation will become very critical particularly in the Pacific coast area.

In my judgment when the emergency is over the plant located in Los Angeles would be of more value to the economy as a whole than it would be at Spokane. If located at Spokane I believe the plant will be worthless when the emergency is over and will be practically a total loss, whereas if at Los Angeles there is no doubt that economically it would be feasible to run this mill.

If the War Department is firm in its position that for strategic reasons the plant should be located at Spokane, I, of course, will not reopen the question. However, I should like to have you review this with the General Staff, particularly in view of the reasons I have outlined above, and let me know your decision.

Sincerely yours,

DONALD M. NELSON.

WAR DEPARTMENT,
OFFICE OF THE UNDER SECRETARY,
Washington, D. C., February 9, 1942.

HON. DONALD M. NELSON,

War Production Board, Washington, D. C.

DEAR DON: I have your letter of today's date, relative to the proposed aluminum rolling mill presently indicated for Spokane.

The matter was discussed today with Maj. Gen. R. C. Moore, Deputy Chief of Staff. General Moore took the case up with General Marshall, Chief of Staff, and reported that under no circumstances could General Marshall agree to the location of the aluminum rolling mill at Los Angeles. He also reported it as General Marshall's view that Spokane was preferable to either Portland or Los Angeles from the War Department viewpoint. General Moore had your letter with him when he discussed the matter with General Marshall.

I take it that the reasons behind General Marshall's opinion are the same ones as those mentioned in my memorandum to Mr. Batt of January 20:

The increased risk incident to a location near the Pacific coast, and the necessity of stationing antiaircraft forces for protection against attack from the air, with a consequent reduction in the number of troops available for tactical use.

Sincerely yours,

ROBERT P. PATTERSON,
Under Secretary of War.

JANUARY 20, 1942.

Memorandum to Mr. Batt, Office of Production Management:

Aluminum rolling mill on west coast.

I consulted yesterday with the War Plans Division of the General Staff. They tell me that the safety in location on the west coast is in direct ratio to its distance in miles from the seaport, and that Spokane is consequently a much safer location than either Los Angeles or Portland.

The War Plans Division also points out the handicap of the armed forces that is involved in the stationing of antiaircraft regiments to protect installations on the coast. Additional plants will mean greater dispersion of antiaircraft troops and antiaircraft guns.

My conclusion, based upon the foregoing views of the War Plans Division, is that location at Spokane is preferable to location at Los Angeles or a location at Portland. It is also in line with the general policy of keeping important industrial production for war purposes behind a line 200 miles from the seaport, so far as practicable.

ROBERT P. PATTERSON,
Under Secretary of War.

(By special messenger)

FEBRUARY 7, 1942.

Mr. DONALD M. NELSON,
Chairman, War Production Board, Washington, D. C.

MY DEAR MR. NELSON: Your letter of February 6 is received and I thank you sincerely for the information it contained.

Prompted only by a spirit of cooperative helpfulness to you in your arduous task of great national importance at this time I desire to contribute the following additional thought which emphasizes the imperative need for expediting a determination of this matter as much as may be consistent with sound judgment:

Fabrication plant, annual capacity sheets:

Fairview, 150,000,000 pounds or 75,000 tons annually.

Los Angeles, 150,000,000 pounds or 75,000 tons annually.

Total, 300,000,000 pounds or 150,000 tons annually.

Aluminum weight, heavy bomber, 12 tons per plane.

Aluminum weight, pursuit plane, 5 tons per plane.

Annual capacity in terms of planes:

	<i>Bombers</i>	<i>Pursuit</i>
Fairview -----	6, 250	15, 000
Los Angeles -----	6, 250	15, 000
Total -----	13, 500	30, 000

Daily capacity with 310 working days per year:

	<i>Bombers</i>	<i>Pursuit</i>
Fairview -----	20	48
Los Angeles -----	20	48
Total -----	40	96

The above figures graphically illustrate the importance of this matter to the war-production program and no further comment is necessary.

Sincerely yours,

RUFUS C. HOLMAN.

WAR PRODUCTION BOARD,
Washington, D. C., February 6, 1942.

Hon. RUFUS C. HOLMAN,
United States Senate, Washington, D. C.

DEAR SENATOR HOLMAN: With reference to your letters of January 23, 26, and February 4, my office as you know, transmitted a message to you by telephone on February 3 to the effect that I had decided to reopen the entire question of the location of an aluminum rolling mill on the west coast.

This matter is now being reconsidered in detail and with great care, but at the same time with as much speed as possible because of its obvious urgency. As soon as a decision is reached, I shall be glad to advise you promptly. In the meantime, I am grateful for the information which you have given me.

Sincerely yours,

(Signed) DONALD M. NELSON.

[By special messenger]

JANUARY 26, 1942.

Hon. DONALD M. NELSON.

Chairman, War Production Board, Washington, D. C.

MY DEAR MR. NELSON: Since I wrote to you on January 23, I have received another letter from Under Secretary of War Patterson, copy of which I enclose herewith. I call your particular attention to the following statement made by Judge Patterson:

"It was jointly decided by the Office of Production Management and Defense Plant Corporation that the interests of the Government would best be served by combining the two sheet mills (Los Angeles and Fairview) and allocating the consolidated unit to the Spokane, Wash., area."

In all of my conversations with officials said to have jurisdiction over this matter, I have been advised repeatedly that the plant was being moved for stra-

tegic military reasons. It now appears that the War Department had nothing to do with the decision to move the plant but merely acquiesced because they had "no particular objection to the change." This, notwithstanding the fact that my office was advised by the Office of Production Management, as stated in the letter I addressed to you on January 23, that the War Department in a letter signed by Judge Patterson had ordered the plant moved.

While I cannot make a statement based upon official advices or admissions, my detailed investigation of this transaction makes it plain to me that the proposal to consolidate and move the plant to Spokane is the result of an understanding between Secretary Jones and Mr. Davis of the Aluminum Co. of America and is not the result of military strategy as determined by the tactical command of the Army.

I have endeavored to secure authentic official information establishing, in terms of production, what this move means to the welfare of the country. I have not been able to secure an official statement but I have carefully studied all available documents on this subject and have arrived at the following conclusions:

Capacity of combined Los Angeles and Fairview fabrication plants in round numbers is about 300,000,000 pounds annually or 150,000 tons. The delays incident to the changes in plans have already been about 4 months which, translated into metal and planes amount to about 50,000 tons or 10,000 interceptor planes. This delay has already occurred. What additional delay will result before a site is acquired in the Spokane area, if you permit this ill-advised shift at this crucial time, cannot be estimated but obviously it will be very serious.

In the absolute confidence you will give this important subject your personal attention, I feel assured you will prevent this inadvisable change of location and order resumption of construction at Fairview so that the plant will be put into operation with the least possible delay.

Sincerely yours,

RUFUS C. HOLMAN.

WAR DEPARTMENT,
OFFICE OF THE UNDER SECRETARY,
Washington, D. C., January 23, 1942.

HON. RUFUS C. HOLMAN,
United States Senate.

DEAR SENATOR HOLMAN: This will acknowledge receipt of your letter of January 7, 1942, enclosing copy of telegram from Mr. Ross McIntyre, chairman of the Oregon State Council of Defense, relative to the effect the removal of the Fairview aluminum fabricating plant would have upon the citizens of the State.

The formulation of the program for the expansion of the aluminum industry and the selection of plant sites are primary responsibilities of the Office of Production Management. The War Department in general concurs with the recommendations of that office unless there are cogent reasons to the contrary.

The contemplated change to which you take exception was not initiated by the War Department. It was jointly decided by the Office of Production Management and Defense Plant Corporation that the interests of the Government would best be served by combining the two sheet mills (Los Angeles and Fairview) and allocating the consolidated unit to the Spokane, Wash., area. The War Department, having no particular objections to the change, concurred in the move. Your letter has accordingly been referred to the proper branch of the Office of Production Management for appropriate consideration.

With appreciation of your interest in the military program, I am

Sincerely yours,

(Signed) ROBERT P. PATTERSON,
Under Secretary of War.

HON. DONALD M. NELSON,
Chairman, War Production Board, Washington, D. C.

JANUARY 23, 1942.

MY DEAR MR. NELSON: In view of your appointment in charge of all war production, it is my opinion that you should be advised of the following transactions pertaining to the establishment of an aluminum fabricating plant in the western part of the United States.

After several months of investigation and interdepartmental negotiations, during the latter part of October a site was selected at Fairview, Oreg., and work upon installation of the plant was immediately started.

Shortly after Christmas I was amazed and alarmed by a reported decision of the executive branch of the Government to discontinue construction of the plant at Fairview. I immediately arranged for a series of conferences with those agents selected by the President who, I understood, were the determining factors in the matter, to ascertain the real cause for what seemed to be unwarranted action.

I first called on Hon. Jesse H. Jones, the Secretary of Commerce and Administrator of the Federal Loan Agency, at 5 p. m. on January 5, 1942, and presented to him my protests relative to the contemplated disservice to the Nation and the western Oregon area, and the hazardous delays to the wartime objectives of the Nation. I was encouraged at the close of the interview by the expressed determination of Mr. Jones to revive the subject in conference with Under Secretary of War Patterson.

The next morning (January 6, 1942) at 9 o'clock I conversed on the same subject with Under Secretary of War Patterson in his office. During the conversation I said I was convinced that he and other executive heads of the Roosevelt administration must have been misled by the report of some subordinate, and that I would like to confront this subordinate and correct his erroneous views in the presence of Judge Patterson, Mr. Jones, and Mr. Knudsen, Director General of the Office of Production Management. I was not afforded such an opportunity, but I was encouraged by the expressed determination of Judge Patterson to discuss the matter further with Mr. Knudsen.

Neither Mr. Jones nor Judge Patterson opposed in any way my arguments or questioned my statements of facts or conditions.

On January 8 at 11 a. m. I called on Mr. Knudsen in his office, and for the first time was presented with arguments designed to support removal of the plant to Spokane, Wash. Mr. Knudsen stated that Spokane was more centrally located than Fairview to serve the Puget Sound and Oregon areas. This statement was so obviously erroneous I requested him to step over with me to observe a map on the wall depicting the geographical location of Spokane and Fairview in relation to the Puget Sound and Oregon areas. I stated that while there might be other reasons which could be presented in favor of Spokane over Fairview, surely the argument of Spokane being more centrally located could not be maintained. I reminded him of the increased transportation hazards as well as distance from the Spokane location since additional miles of tracks, bridges, tunnels and increased units of rolling stock would be required, and the railroads already are taxed to capacity in serving the war needs of the Nation. Then Mr. Knudsen suggested the thought of some future development of industry in the Nebraska area which could be served better from Spokane than from Fairview. Mr. Knudsen then presented the map described in my letter of January 20, 1942 (exhibit A), addressed to him, and stated that the General Staff of the Army required that new plants and increased facilities for national defense be located within the territory described in such map.

After my call on Mr. Knudsen I addressed a letter to General Marshall (letter of January 8, identified as exhibit B). On January 13 I addressed a letter to Mr. Knudsen and enclosed a copy of the response I had received from General Marshall's office, signed by Maj. Gen. N. C. Moore, Deputy Chief of Staff. These letters are designated as exhibits C and D. I have received no answer to this letter from Mr. Knudsen, but at 4 p. m. on January 21 Mr. Covel, a subordinate in the Light Metals Division of the Office of Production Management, telephoned my office and advised my secretary that the Office of Production Management had received a written order from the War Department directing that the proposed aluminum fabricating plant be moved from Fairview to an inland site.

In the meantime General Marshall, whom I have kept advised of these developments, has not up to now modified to me the views contained in the letter of January 9, signed by Maj. Gen. R. C. Moore.

To sum up the situation, Mr. Jones, whom I originally believed was the determining factor of the matter, deferred to Judge Patterson; Judge Patterson deferred to Mr. Knudsen; Mr. Knudsen deferred to the Army; and the Army disclaim any responsibility. I am now advised that the War Department has made the decision.

There has been an absolute absence, on the part of the Roosevelt administration, of candor, frankness, and forthrightness in this matter. Evidently there

is some undisclosed mysterious influence controlling the situation. It is apparent from the foregoing that the devious and dubious buck-passing that has characterized this whole affair has resulted in an unpardonable delay in the production of one of the most vital war materials, and has jeopardized the preparation for the proper defense of the Nation in its hour of urgent need.

I request that you make a careful investigation of this matter and take whatever steps are necessary to prevent a repetition of the political maneuvering and resultant interminable delays such as I have described in this letter.

I should also like to receive a statement from you indicating the amount of time in terms of production which has been forever lost, and the amount of money expended in connection with the selection of the Fairview site and the work done on installation of the plant at the time construction was discontinued.

Sincerely yours,

P. S. I have just received a letter signed by Under Secretary of War Patterson which contains the following closing paragraph:

"It was for the above reasons that, when I was informed of the decision made by the Director General of the Office of Production Management and the Federal Loan Administrator to change the sheet mill site from Fairview, Oreg., to Spokane, Wash., I willingly concurred."

And so the buck is passed again!

R. C. H.

EXHIBIT A

JANUARY 20, 1942.

Hon. WILLIAM S. KNUDSEN,

Director General, Office of Production Management, Washington, D. C.

MY DEAR MR. KNUDSEN: During the week of January 5, 1942, I called upon you and have communicated with you several times since; I have also conferred with Under Secretary of War Judge Robert P. Patterson, Hon. Jesse H. Jones; and communicated with Gen. George C. Marshall, Chief of Staff of the United States Army. The object of these several conferences and communications was to protest the ill-advised order of the Government—obviously prompted by the debacle at Pearl Harbor—which was issued immediately after Christmas, to discontinue the work of constructing the aluminum fabricating plant at or near the village of Fairview, some 12 miles east of Portland, Oreg., and close to the Columbia River. Since every day's delay in the completion of this plant and its operation is incalculable when the safety of our Nation is at stake, being now at war with resourceful, armed, and expeditious enemies.

I am now addressing you for the purpose of making a record of my activities and impressions in the matter; and I submit herewith that record to you for the purpose of giving you an opportunity either to correct or to verify it as truth and accuracy, in your opinion, may demand.

The Fairview site was selected in October 1941, only after engineers and investigators, responsible to you, had thoroughly canvassed the entire subject and recommended the site whereupon the property needed for the plant was secured by the Government, plans and details necessary for the erection of the plant and the financing of it arranged; and construction began. I am not informed of the exact amount of time and expense to which the Government has been put on the matter up to this time. Kindly supply me with such information in detail.

On the afternoon of Sunday, December 7, 1941, we received word of the Japanese attack on Pearl Harbor and subsequent to that date orders were issued to discontinue the work at Fairview and word reached me that you were considering relocating the plant at some interior point—preferably Spokane, Wash.—notwithstanding all the delays and expenses heretofore incurred and incident thereto.

When I conversed with you in your office on the 8th instant you withdrew from a cabinet a small outline sketch or map of the United States whereon was indicated an interior area roughly described as follows: bounded on the west by the Rocky Mountains; on the east by the Allegheny Mountains; on the north by the parallel separating North from South Dakota and contoured south of the Great Lakes; and on the south by an east and west line bisecting Arizona, New Mexico, and Texas, and contoured inland north of the Gulf of Mexico. You stated that at the time of your appointment as Director of the Office of Production Management the General Staff of the United States Army furnished you with this map with

instructions that all new plants and increased industrial facilities for the manufacture of supplies needed for the defense of our country should be located within that prescribed area; although you could use the facilities of the then going concerns without the prescribed area on account of the time element involved. Yet in view of these military instructions and map, in your possession from the time you assumed direction of the Office of Production Management, there subsequently was located a number of industrial plants and facilities outside of the said interior area. Among these plants are the aluminum ingot works at Longview, Wash., and at Troutdale, Oreg.; also the aluminum fabricating plant at or near Fairview, Oreg.

In a letter dated January 9, 1942, addressed to me by Maj. Gen. R. C. Moore, acting under the direction of Gen. George C. Marshall, Chief of Staff of the United States Army, a copy of which has heretofore been sent you, it is stated:

"The tactical command of the Army has no responsibility whatever as to the location of any manufacturing plants. The Army has not been asked for an expression of opinion as to whether or not Fairview, Oreg., is a safe location.

"In answer to your reference of 'scuttle and run and surrender' I desire to state that the Army has no intention whatever of abandoning any territory of the Continental United States or of leaving it open to attack."

I still cannot reconcile the instructions you received from the General Staff of the Army, at the commencement of your administration, with General Moore's statement of the Chief of Staff quoted above; although in the last conversation we had, which was on the 15th instant, when you called me on the telephone while I was in the Senate Chamber, you remarked that General Marshall had now admitted in effect that the Fairview area in Oregon is of doubtful safety, and that you would be justified in ordering the selection of a new site at Spokane instead of completing the construction of this plant at Fairview.

I recall that you finally advanced the idea that Spokane, in your opinion, was a better location than Fairview for serving a contemplated development in the Nebraska area.

I have been impressed by the thought that the original cause for the order to stop construction at Fairview was prompted entirely by the Pearl Harbor incident and that the Nebraska argument was a subsequent thought. Moreover, I maintain that precious time already has been lost, more precious time will be lost, expenditures already made incident to the Fairview location will be wasted, and great additional expenses will be incurred by the selection of the Spokane, or any other site than the Fairview site for the aluminum fabricating plant.

I have not again conferred with General Marshall, but I am sending him a copy of this communication and intend to send a copy of it also to both Under Secretary of War Patterson and to Hon. Jesse H. Jones, with whom I have conferred repeatedly relative to this entire subject.

As soon as you have had an opportunity to review the facts and impressions set forth in this letter will you kindly advise me if I am in error in any of the recitations herein made; and if so, in what respect?

Permit me to remain,

Very cordially yours,

RUFUS C. HOLMAN.

EXHIBIT B

(By special messenger)

JANUARY 8, 1942.

Gen. GEORGE C. MARSHALL,

Chief of Staff of the Army, War Department, Washington, D. C.

MY DEAR GENERAL MARSHALL: I have just concluded a personal conference with Mr. William S. Knudsen, Director General of the Office of Production Management, relative to the proposal to remove the aluminum fabricating plant from the site at Fairview, Oreg., which was selected after an exhaustive survey of all available sites.

As a result of this conference I was left with the impression that the plant would not be removed from Fairview if the Army will state that the site is a safe location. Mr. Knudsen stated that he would seek such assurance from military authorities and my purpose in writing this letter is to request that you give this matter your personal consideration and assist me in any way you deem proper in my efforts to retain this plant and to allay the alarm of the people residing in

the Portland area relative to their protection in their persons, homes, and employment.

In order to refresh your memory with respect to this controversy and the arguments I have presented, which have not been refuted, I enclose herewith copies of a number of communications. Also, if you have not already done so, will you kindly have Col. Arthur Wilson report to you on his recent conference with me, which you so courteously arranged?

With kindest personal regards, I am,

Sincerely yours,

RUFUS C. HOLMAN.

EXHIBIT C

JANUARY 13, 1942.

MR. WILLIAM S. KNUDSEN,

Director General, Office of Production Management, Washington, D. C.

MY DEAR MR. KNUDSEN: I am writing with further reference to the retention of the site as originally intended for the Fairview, Oreg., aluminum fabricating plant, concerning which I conferred with you personally on January 8.

I had hoped that my colleague, Senator McNary, with whom I had a conversation on this subject, could have arranged for a conference before now so that we might discuss this matter further with you and Secretary Jones. However, since time is passing and I have not as yet been advised of the time and place of such a conference, I am convinced that fairness to you and the demand of good Federal administration require that I should transmit to you without further delay the enclosed copy of a communication I addressed to General Marshall and the reply I received from Maj. Gen. Robert C. Moore, Deputy Chief of Staff.

I submit this correspondence to you because I cannot reconcile the statement you made to me that you were under the impression that by order of the General Staff you are compelled to limit the location of extensions and additions to industries designed to promote the national defense to an interior territory designated on a confidential map which you showed me, with the letter signed by General Moore, speaking for the Chief of Staff.

In view of the evidence which I now submit to you, may I have your present position on this subject?

Permit me to remain, with best personal regards,

Very cordially yours,

RUFUS C. HOLMAN.

EXHIBIT D

WAR DEPARTMENT, OFFICE OF THE CHIEF OF STAFF,

Washington, January 9, 1942.

HON. RUFUS C. HOLMAN,

United States Senate.

DEAR SENATOR HOLMAN: General Marshall has asked me to answer your letters of January 7 and 8 protesting the movement of the aluminum sheet mill which was planned to be built in the Portland, Oreg., area.

As you know, the program for the expansion of the aluminum industry was formulated and the sites chosen by the Office of Production Management. As a general policy the War Department (Office of the Under Secretary of War) concurs with the recommendations of the Office of Production Management unless there are very cogent reasons to the contrary.

The tactical command of the Army has no responsibility whatever as to the location of any manufacturing plants. The Army has not been asked for an expression of opinion as to whether or not Fairview, Oreg., is a safe location.

In answer to your reference of "scuttle and run and surrender" I desire to state that the Army has no intention whatever of abandoning any territory of the continental United States or of leaving it open to attack.

Sincerely yours,

R. C. MOORE,

Major General, United States Army, Deputy Chief of Staff.

OFFICE OF LEND-LEASE ADMINISTRATION

STATEMENTS OF E. R. STETTINIUS, JR., ADMINISTRATOR,
AND OSCAR COX, GENERAL COUNSEL

AMOUNT OF APPROPRIATION FOR DEFENSE AID

Senator McKELLAR. Mr. Stettinius, beginning on page 6 of the bill there is an item of \$5,330,000,000 for your department: what have you to say about it?

Mr. STETTINIUS. Mr. Chairman, in title III of the bill before you there is a request for an appropriation of \$5,330,000,000 to meet the lend-lease requirements of our Allies for the remainder of the calendar year. This is intended to cover commitments which have to be entered into before December 31, 1942. This appropriation does not include military and naval matériel for our Allies. Provision has been and is being made for such military and naval matériel in the appropriations for the War and Navy Departments.

STATUS OF LEND-LEASE FUNDS TODAY

We are urgently in need of this appropriation. Last October, the Congress granted us sufficient funds to meet commitments which had to be entered into before February 28—the end of this month. These funds are now about exhausted.

Practically all of the total \$12,985,000,000 appropriated to lend-lease to date has been allocated for procurement. As of the close of business on February 19, 1942, \$12,254,303,728 had been allocated. The remaining balance, exclusive of the agricultural reserve, will be allocated within the next 10 days at the present rate. In fact, we have already been forced to delay the approval of a number of requisitions in order to be sure not to run out of money before we could obtain an additional appropriation.

INCREASED AMOUNT REQUESTED FOR SERVICES AND EXPENSES

Senator McKELLAR. Mr. Stettinius, I would like to ask you at this point, are the amounts that have been appropriated by the House in accordance with what you desire?

Mr. STETTINIUS. They are, Mr. Chairman, with one exception.

Senator McKELLAR. Have you any additions or amendments to request?

Mr. STETTINIUS. We have one suggestion, in category 9, where the House reduced our request \$100,000,000—from \$680,000,000 to \$580,000,000.

Senator McKELLAR. On what page is that?

Mr. STETTINIUS. Page 8 of the bill.

REASON FOR HOUSE REDUCTION

Senator McKELLAR. What reason did they give for the reduction?

Mr. Cox. As to \$5,000,000, for the training of pilots, the House was of the opinion it could be covered by appropriations made to the Navy. There was some doubt about the legality of doing that; but

the House voted an amendment to the bill to remove that doubt. That amendment is on page 9.

Senator McKELLAR. Was that amendment offered on the floor?

Mr. Cox. No, sir; it was reported out by the committee.

Senator McCARRAN. What is the language to which you refer on page 9 of the bill?

Mr. Cox. Section 303. The Navy had some doubt as to whether their appropriation would cover the services incident to training British, Chinese, and other pilots.

Senator TYPINGS. And South Americans?

Mr. Cox. Yes. That was the \$5,000,000 item. The other \$95,000,000 was, according to the report of the House Appropriations Committee, taken out of the estimated funds for storage, expenses of missions, and for packing, transportation, and so forth, for non-military goods.

Mr. STETTINIUS. We feel, sir; that this item is all-important. We have Gen. George Spalding with us, who is in charge of the storage depots provided, if you wish to ask him about the manner in which these funds will be used.

(A discussion followed off the record.)

Senator McKELLAR. Mr. Stettinius, I notice you have a prepared statement. As I look over it, it seems to be a report as well as in the nature of a presentation for the Appropriations Committee.

Mr. STETTINIUS. It brings the report on lend-lease operations up to date.

Senator McKELLAR. Is this statement one to which you have no objection to its going into the record?

Mr. STETTINIUS. There is no objection; we would be happy to have it go in the record.

Senator McKELLAR. Then wouldn't that be the best way to handle it at this point, to have that go into the record for the Senators' use?

Mr. STETTINIUS. I am sure of that, sir.

Senator McKELLAR. And then you or General Spalding testify as to your aims in coming before this committee.

Mr. STETTINIUS. Yes, sir; that is perfectly satisfactory.

Senator McKELLAR. Then that will be done.

LEND-LEASE IN REVERSE

Mr. STETTINIUS. I would like to call attention to one statement regarding lend-lease in reverse, which is a new development.

(A discussion followed off the record.)

(The statement of Mr. Stettinius is in full as follows:)

STATEMENT OF EDWARD R. STETTINIUS, JR., LEND-LEASE ADMINISTRATOR,
BEFORE THE SENATE APPROPRIATIONS COMMITTEE, FRIDAY, FEBRUARY
20, 1942

GENERAL STATEMENT

Title III of the bill before you appropriates \$5,330,000,000 to meet the lend-lease requirements of our Allies for the remainder of the calendar year. This is intended to cover commitments which have to

be entered into before December 31, 1942. This appropriation does not include military and naval matériel for our Allies. Provision has been and is being made for such military and naval matériel in the appropriations for the War and Navy Departments.

LEND-LEASE FUNDS TODAY

We are urgently in need of this appropriation.

Last October the Congress granted us sufficient funds to meet commitments which had to be entered into before February 28—the end of this month. These funds are now about exhausted.

Practically all of the total \$12,985,000,000 appropriated to lend-lease to date has been allocated for procurement. As of the close of business on February 19, 1942, \$12,254,303,728 had been allocated. The remaining balance, exclusive of the agricultural reserve, will be allocated within the next 10 days at the present rate. In fact, we have already been forced to delay the approval of a number of requisitions in order to be sure not to run out of money before we could obtain an additional appropriation.

LEND-LEASE PROGRESS SINCE THE LAST REPORT TO CONGRESS

Our aid to lend-lease countries is increasing sharply month by month. Lend-lease aid as of November 30—the closing date for our third lend-lease report—amounted to \$1,202,000,000. This constituted an average of about \$141,400,000 per month for the first 8½ months of the program. The aid in the last 3 months of that period was \$207,000,000 in September; \$225,000,000 in October, and \$283,000,000 in November. Lend-lease aid has mounted steadily since then. The December lend-lease aid amounted to \$338,000,000. In the past month of January, it was \$462,000,000, bringing the total of lend-lease aid to more than \$2,000,000,000. This increase must and will continue.

THE ROLE OF LEND-LEASE IN THE WAR

The major point of overriding importance to us as Americans—a point that I want to make unmistakably clear—is that this is a world war that stretches across every ocean and every continent. Every man fighting the Axis wherever he may be—in the central part of China, or the island of Java, in New Britain, at Rangoon, in the Leningrad area, or the Crimea, in Libya or Iran—any man who is manning the guns of ships of the sea and the controls of ships of the air are integral parts of our forces. The lend-lease program is our mechanism for making available the supplies necessary to strengthen these nations, to serve them as though they were our own, to serve our own as well, and thus to bind together into a united whole all the free peoples of the world—fighting or not—who are resisting Axis aggression.

Australia, New Zealand, the Dutch East Indies, China, India, and Burma are America's front line in the Pacific, sustained in part by lend-lease aid. In the next 10 months the Lend-Lease Administration hopes to provide tremendous impetus to the production abroad of military weapons and to the general preparedness of these Allies. Trucks, road-building machinery, locomotives, tracks, ties, and so forth, will

put their transportation facilities in fighting shape. Radios, receiving sets and sending stations, telephones, and wire and electrical equipment will bolster their communication system for the war effort. Raw materials, tools, generators, machine oil, and countless other types of supplies and equipment will expand their own production of military weapons.

Here are a few examples of what this type of aid can do:

Australia, in spite of sending over a half million men into her armed forces out of a total population of some 7,000,000 people, has her own plane and tank and gun building program. Our studies, made together with the Australians, revealed that if we provided certain processed steel and a relatively small number of tools and some component parts and other supplies, Australia's output of planes and tanks and guns would be tremendously stepped up at practically no expense to our own.

Similarly, lend-lease can make a contribution toward solving shortages in critical materials, such as rubber. We find that by supplying such items as sulfur and tire molds to tire factories in India, Australia, and South Africa we can appreciably increase the tire output of these factories using their own supplies of raw rubber. We can thus reduce the number of tires which would otherwise be allocated from the United States. The results are an increase in total allied production of war matériel, a tremendous saving in shipping space and time-consuming transportation so vital to the united war effort.

Lend-lease activities have and continue to assist our armed forces all over the world. The air ferrying service across the Atlantic to the Middle East, created last summer and operated with lend-lease funds, has now been extended so that the bombers for our fighting forces, as well as those of our Allies, can be flown by that route to the fighting areas of the southern Pacific. Lend-lease aid to the Free French and Free Belgians contributes to the protection of this route across Africa. Bases in Scotland and northern Ireland, built with lend-lease funds, are now available for our troops in that part of the world.

Then there is lend-lease in reverse. Lend-lease is and can be a two-way thing: We cannot only make available our supplies to the allied nations but the allied nations can make their supplies available to us in the same manner. Thus there is a method available for each of these nations to contribute supplies for the common effort to the fullest measure of their capabilities. There is also another focal point for further cementing the relationships of our Allies so that their manpower, their hearts, and all their resources can be most effectively joined to the end of defeating the Axis Powers.

In this spirit some of the lend-lease countries have freely offered us supplies, and others have initiated conversations with us looking to lend-leasing supplies to us. Thus, for example, we have been supplied without payment through lend-lease in reverse with anti-aircraft guns and ammunition for vital needs. We have been graciously offered the complete equipment for a gun factory. We, of course, welcome this spirit and fact of reciprocal aid in the common cause.

The Lend-Lease Act thus provides the method for the full and efficient exchange and utilization of the total war material of our

allies and ourselves in the interest of prosecuting the war. Using this procedure to the fullest extent possible should result in invaluable conservation of shipping space and the most effective use of the other resources of the allied nations in prosecuting the war.

NEW POLICY OF DIRECT APPROPRIATIONS TO THE WAR AND NAVY
DEPARTMENTS

The bill before you reflects the recent change in policy which the Congress has put into effect in making appropriations for completed military and naval articles which are intended to be transferred to lend-lease countries. Since our entry into the war, the Congress has appropriated money directly to our Military and Naval Establishments to meet the lend-lease requirements of our allies with respect to all completed military and naval items, such as guns, tanks, aircraft, ships. In accordance with this policy, we are not asking for any new money for these types of defense articles. So the bill omits categories 1, 2, and 5 which formerly provided money for ordnance, aircraft, and miscellaneous military equipment.

However, lend-lease will continue to be responsible for providing our allies with the essential raw and intermediate materials which they use to make military and naval weapons, as well as the agricultural, industrial, and other commodities; shipping and ship repair; facilities, equipment, services, and personnel for the production, testing, and servicing of defense articles which lend-lease has provided.

In drawing the line between those articles and materials for which appropriations should be requested directly by our War and Navy Departments and those which lend-lease should provide for, we found many borderline cases. We have made a very careful study with the War and Navy Departments, the Maritime Commission, and the Procurement Division of the Treasury to make sure that in requesting funds for the requirements of the lend-lease countries there resulted no overlapping or duplication in appropriations and also that there were no requirements by lend-lease countries which fell between the two and were thus neglected. In all cases where there was any chance of duplication or omission, we made an item-by-item check with the representatives of these other agencies. As to items which might be provided for either by War or Navy Departments or by lend-lease we conferred with Mr. Nelson of the War Production Board and followed his decision in order to achieve the most efficient production and procurement. Thus, for example, the Lend-Lease Administration is requesting appropriations for all commercial trucks not built to the United States' Army specifications which are required by lend-lease countries; and the War Department will provide for and procure all military specification trucks, including those which may be transferred to lend-lease countries. Similar decisions were made dividing the responsibility with respect to chemicals, railway equipment, electrical and communications equipment, and other defense articles.

Experience may prove that existing procedures for allocations among the allied nations are transitory. Both policy and mechanism must, therefore, be constantly reviewed in order to enable us to bring about the most efficient system for the utilization of all resources.

REDUCTIONS MADE BY THE HOUSE COMMITTEE

Our original request submitted to the Congress was for a total of \$5,430,000,000. The House Committee on Appropriations recommended a reduction of \$100,000,000 in category 9, which was accepted by the House.

The elimination of the item of \$5,000,000 for the training of foreign flying personnel by the Navy Department is taken care of in the Naval Appropriation Act, 1943. The Navy Department has assured us that they will provide this training from the funds in that act. Therefore, the deduction of this \$5,000,000 item was proper.

The other \$95,000,000 was a reduction in our estimates for our storage depots and facilities and expenses of our missions both here and abroad. Gen. George Spalding, who has charge of providing for our depot storage and facilities and our lend-lease missions here and abroad, reached our submitted estimate on the basis of what our experience for the past 18 months has shown would be the requirements which we must meet in the next 10 months.

It is of little value to produce goods unless we can meet the expenses of getting them to the places they are needed. This reduction made by the House, I believe, might well jeopardize one of the most important functions of our program for the next 10 months and therefore I respectfully urge this committee to restore the \$95,000,000 in this category.

MEETING THE PROGRAM

We have consulted with the War Production Board and the Department of Agriculture about the production and procurement of the amounts of materials and articles involved in these requirements. They assure me, and I myself am of the firm opinion, that we can and will meet this program.

Senator McKELLAR. If there is nothing else, gentlemen, we are very much obliged to you.

We will resume at 2 o'clock this afternoon.

(Whereupon, at 12:40 p. m., the committee was in recess until 2 p. m.)

AFTER RECESS

UNITED STATES MARITIME COMMISSION

STATEMENT OF REAR ADMIRAL EMORY S. LAND, CHAIRMAN,
UNITED STATES MARITIME COMMISSION

CONSTRUCTION FUND

Senator McKELLAR. The committee will come to order. We want to ask Admiral Land about his item in this bill, on pages 5 and 6.

Admiral, you are satisfied with the amount the House allowed you?

Admiral LAND. Yes, sir.

Senator McKELLAR. And you have no more to add?

Admiral LAND. No, sir. I don't think it is worth while to repeat any of the statements of information in the hearings of the House committee.

(A discussion followed off the record.)

Senator McKELLAR. If there are no further questions, gentlemen, thank you very much.

WAR DEPARTMENT

QUARTERMASTER CORPS

CLOTHING AND EQUIPAGE

STATEMENTS OF J. K. GALBRAITH, ASSISTANT ADMINISTRATOR, OFFICE OF PRICE ADMINISTRATION; R. R. GUTHRIE, CHIEF OF TEXTILE AND CLOTHING BRANCH, WAR PRODUCTION BOARD; RICHARD GETTELL, AMES STEVENS, AND SIDNEY EISEMANN, WAR PRODUCTION BOARD

PURCHASE BY THE GOVERNMENT OF ENTIRE WOOL CLIP

Senator O'MAHONEY. Mr. Chairman, the bill before us carries an appropriation on page 2 for \$928,928,000 for clothing and equipage for the Quartermaster Corps of the Army. Yesterday Senator Hayden put in the record a statement from the National Wool Growers Association dealing with the acquisition by the Government, by the War Department perhaps, of the entire domestic clip. General Littlejohn, representing the Quartermaster General's Department, testified here with respect to the use of reworked wool and of rayon in clothing for the Army.

Then, of course, there is also the question of price ceilings, which Dr. Galbraith has had before him on numerous occasions.

WOOL GROWERS NOT REPRESENTED ON GOVERNMENT BOARDS

The wool growers are not represented on any of the boards, either War Production or O. P. A., which deal with these various questions. Manufacturers are, as are the producers of other commodities, and it is the feeling of some of us on this committee that we would appreciate a statement from you gentlemen with respect to the activities of W. P. B. and O. P. A. with respect to the wool supply, the suggestions of the National Wool Growers Association, and the prices of the commodities involved.

ADDITIONAL ESTIMATE FOR CLOTHING AND EQUIPAGE

Senator McKELLAR. It should be noted that there is an additional amount sent down by the Budget of \$596,000,000 to be added to this \$928,928,000 and which will make it nearly a billion and a half.

QUESTION AS TO CONTEMPLATED SUSPENSION OF WOOL LABELING ACT

Senator O'MAHONEY. There have been recent announcements in the press that the War Production Board was contemplating some meth-

od of suspending or getting around for the duration of the war the provisions of the Wool Labeling Act. That is another subject we would perhaps like to have you discuss. I don't care which one of you wants to take the lead.

Mr. GUTHRIE. I think that is an entirely erroneous report, Senator. Senator McCARRAN. Which report?

Mr. GUTHRIE. That the War Production Board were advising that the labeling act be suspended for the duration.

Senator McKELLAR. You and your board wouldn't undertake to suspend the operation of an act of Congress until it was regularly suspended by the Congress, would you?

Mr. GUTHRIE. I said "advise that it be suspended."

Senator McKELLAR. Oh, "advise"; that is different.

Senator HAYDEN. You say the report is erroneous?

Mr. GUTHRIE. It is; yes, sir.

Senator HAYDEN. And you do not contemplate making any such suggestion?

Mr. GUTHRIE. No, sir. We have considered it, of course, as the subject would naturally come up in discussing the wool problem. Personally, I have been very much in favor of, and partly responsible for, not the Wool Labeling Act, but some of the other informative labeling measures that have been adopted in the retail stores in the last 10 or 15 years.

SITUATION WITH RESPECT TO PURCHASE OF ENTIRE WOOL CLIP

Senator HAYDEN. Now let us get to this question raised by the National Wool Growers Association, about taking over the entire wool clip, as was done during the last war. What consideration has been given to that?

Mr. GUTHRIE. There have been discussions regarding it. The wool growers, together with Mr. Marriner and Mr. Stevens and Mr. Eise-
mann, have discussed it.

Senator O'MAHONEY. Who is Mr. Marriner?

Mr. GUTHRIE. Mr. Marriner is chief of the Wool Section.

Senator O'MAHONEY. What is his business?

Mr. GUTHRIE. He is in the wool business.

Senator O'MAHONEY. The wool-top business?

Mr. GUTHRIE. Yes, sir.

PROCEDURE FOLLOWED DURING LAST WORLD WAR WHEN ENTIRE WOOL CLIP WAS TAKEN OVER

Senator HAYDEN. How did they go about taking over the entire clip, in the World War. First there was an organization set up to purchase it? Is that right?

Mr. EISEMANN. That is right, sir.

Senator HAYDEN. It was a large organization, and, of course, it takes a lot of money to maintain such an organization.

Mr. EISEMANN. Yes, sir; it was a large organization.

Senator HAYDEN. What is your estimate of the number of people required to carry on the same work at this time?

Mr. EISEMANN. At that time, there were close to 700 people employed—some 650 or 680. something like that.

Senator HAYDEN. Did they use men who had been in the trade, to carry it on?

Mr. EISEMAN. Mostly; yes, sir.

Senator HAYDEN. Because the trade had no business?

Mr. EISEMANN. The trade handled the wool on a commission basis.

Senator HAYDEN. So that the trade wasn't entirely disrupted, then?

Mr. EISEMANN. No; it wasn't; it handled the wool for the growers.

Senator HAYDEN. And if a project like that should be set up, it would have to be set up in practically the same manner?

Mr. EISEMANN. Largely in the same manner.

Senator HAYDEN. Would it require a larger organization?

Mr. EISEMANN. The clip is substantially larger, now, than then; and therefore it would take a somewhat larger organization.

QUESTION AS TO COST OF ADMINISTERING A PROGRAM TO PURCHASE ENTIRE WOOL CLIP

Senator HAYDEN. Based on the average price of wool, what would be the cost of an administration of this kind?

Mr. EISEMANN. I don't feel qualified to answer that question, sir.

Senator HAYDEN. Has anybody figured out what it cost in the other war to handle it that way?

Mr. EISEMANN. I don't know what it cost actually in salaries to pay the men who handled wool. You are talking about the men paid by the Government for appraising, administering, and distributing?

Senator HAYDEN. Yes. It had to be done by those who had previous experience in the trade?

Mr. EISEMANN. Yes; it had to be done in that way.

Senator O'MAHONEY. And it was a large organization, you say.

Mr. EISEMANN. Close to 700 people. I know it was over 600 and probably less than 700.

Senator HAYDEN. I can say frankly to you that it was a very fine arrangement for the grower, because he knew what he was going to do, and to those who were going to use the wool. What is your estimate of such an arrangement at this time?

Mr. EISEMANN. It is a matter of quite some difficulty to guess the shrinkage of every lot of wool. You have to have appraisers, and there are differences as to what wool will shrink. I am speaking technically, now, Senator.

Senator HAYDEN. Yes.

Mr. EISEMANN. Senator Hayden, of Arizona?

Senator HAYDEN. Yes.

Mr. EISEMANN. Then perhaps you have heard something of the word "shrinkage."

Senator HAYDEN. I certainly have.

Mr. EISEMANN. That is quite a factor. There is entailed a considerable amount of work in appraising the wool, warehousing it, and allocating it against contracts. I think under the present set-up there is no damage being done the growers in any way, and I think the wool is finding its way through the proper channels for use for the purposes of the military forces of the United States.

Senator THOMAS. What is the outlook for wool for the use of our armed forces? Is there anything alarming about it?

(A discussion followed, off the record.)

MANNER IN WHICH PRESENT WOOL SITUATION IS BEING HANDLED AS
COMPARED TO METHOD FOLLOWED DURING LAST WORLD WAR

SENATOR HAYDEN. Would you just detail to the committee how this is being managed now, as distinguished from the way it was done in the last war.

MR. EISEMANN. That is a pretty big order, Senator.

SENATOR HAYDEN. In a broad outline.

MR. EISEMANN. At the present time, you have four men who are guiding the wool situation, instead of 700 or more. In the second place, there is no interference by the Government with the grower. I mean, he sells his wool as close to the ceiling price as he can, and he knows what the ceiling price is.

SENATOR O'MAHONEY. But the ceiling price is not fixed in terms of grease wool.

MR. EISEMANN. No; it is on a scoured basis.

SENATOR O'MAHONEY. That is one of the reasons that has prompted the growers to ask for this.

MR. EISEMANN. In World War No. 1, the price to the grower wasn't a set, grease price, but it was based on shrinkage just as it is now.

SENATOR O'MAHONEY. But his wool was appraised by people in whom he had confidence. It was assigned to the regular purchasers, such as yourself.

MR. EISEMANN. He could choose.

SENATOR O'MAHONEY. They were dealers in whom he had confidence and with whom he preferred to do business; whereas under the present system, apparently, he feels with the price fixed in terms of wool tops and scoured wool, it is difficult for him to know how to translate that into terms of grease wool—with most of the producers selling their wool on their own ranches to the traveling representatives of the purchasing concerns, which I think is probably correct.

MR. EISEMANN. They have always done that.

SENATOR O'MAHONEY. Surely. But with the ceiling based upon the wool top and the scoured wool, the producer is up against the danger—or at least that is apparently what they fear—that he can be pushed down, since there is an advantage to the purchaser to get it as low as he can and, therefore, to have as large a margin as he can between the ceiling and what he pays for it.

MR. EISEMANN. The only answer I can make to that is that he doesn't have to sell, but he can send it to the marketing association if he sees fit to do it. They can do that, if they have no faith in the representatives of the 20, or 30, or 40 wool houses.

ORGANIZATION IN WAR PRODUCTION BOARD HANDLING WOOL PROBLEM

SENATOR MCKELLAR. You said under the present situation it is controlled by four men. How many people have you at work under your section?

MR. EISEMANN. I used the wrong word if I said "controlled"; it is administered by four men.

SENATOR O'MAHONEY. Who are the four men?

MR. EISEMANN. There are two of us present—Mr. Stevens and myself.

SENATOR O'MAHONEY. What is your position, Mr. Stevens?

Mr. STEVENS. I am a consultant on manufacturing. I am supposed to know something about the manufacturing of cloth.

Senator O'MAHONEY. What is your concern?

Mr. STEVENS. The Ames Worsted Co., Lowell, Mass.

Senator THOMAS. How many men do you have employed?

Mr. STEVENS. About 2,000.

Senator MCCARRAN. What product do you turn out

Mr. STEVENS. Every product, sir.

Senator McKELLAR. Mr. Eisemann, I would like for you to ascertain who are administering this now, and submit a statement on it.

Mr. EISEMANN. There are four, all told, Senator.

Senator McKELLAR. How many employees do you have under you who are working on this job? Have you any clerks?

Mr. EISEMANN. Yes, sir.

Senator McKELLAR. Just make a break-down of it, or have it made, and put it in the record.

Mr. EISEMANN. I think I can tell you. Besides the four men, there are four secretaries.

Senator McKELLAR. Then there are about eight people?

Mr. EISEMANN. Yes, sir.

Senator McKELLAR. Ordinarily when we find these set-ups, they increase very rapidly. That is why I make this inquiry.

Mr. EISEMANN. In order that the record may be complete, we expect one more man to come in as a statistician.

Senator O'MAHONEY. We have Mr. Stevens and Mr. Eisemann.

Mr. EISEMANN. Mr. Kenneth W. Marriner and Frederick S. Whiteside.

Senator O'MAHONEY. And Mr. Marriner's background?

Mr. STEVENS. Francis Willey & Co., Boston, Mass.

Senator O'MAHONEY. And Mr. Whiteside?

Mr. STEVENS. He is a consultant on chemicals and dyestuffs, from the Pacific Mills, in Lawrence, a purchasing organization.

Senator O'MAHONEY. Is he also a dollar-a-year man?

Mr. STEVENS. We are all without compensation.

COMPLAINT AS TO PRODUCERS NOT BEING REPRESENTED IN PRESENT ORGANIZATION

Senator HAYDEN. There has been a complaint on the part of the producers that they have no representation in the organization that manages this whole affair. Would it be possible to have someone with the producer's angle, if you are not going to handle this as you did in the other war, sit in with your board so that as these consultations take place and the policies are formed, the interests of the producers of wool might be represented?

Mr. EISEMANN. Are you asking me that question or Mr. Guthrie?

Senator HAYDEN. I don't care who answers.

Mr. GUTHRIE. Before I answer that, I would like to say there are a couple more in the section—one a representative of labor and the other a representative of civilian supply—who are considered a part and parcel of the wool unit. Mr. Alexis Sommaripa—

Senator O'MAHONEY. Do I understand he represents the du Ponts?

Mr. GUTHRIE. He represents the Civilian Supply Division. I un-

derstand he is on leave from the du Pont and is a Government employee.

Senator O'MAHONEY. What was his position with du Pont, if you know, Mr. Guthrie?

Mr. GUTHRIE. I don't know. Then the labor man is a Mr. Cleon Swayzee, who is on leave from the University of Nebraska.

Senator HAYDEN. How does he represent labor?

Mr. GUTHRIE. Because the Labor Division has appointed him as its representative to the group.

Senator THOMAS. What branch of labor does he represent?

Mr. GUTHRIE. The Division headed by Mr. Hillman.

Senator THOMAS. C. I. O., then?

Mr. GUTHRIE. I wouldn't know.

Senator THOMAS. Mr. Hillman is C. I. O., isn't he?

Mr. GUTHRIE. He is also a Government employee.

Senator McCARRAN. This man is from a university?

Mr. GUTHRIE. Yes, sir.

Senator McCARRAN. An economist?

Mr. GUTHRIE. Yes.

Senator HAYDEN. And still no one there could be considered as representing those who grow the wool.

Mr. GUTHRIE. That is right.

Senator HAYDEN. That is their complaint, that they struggle along in producing the wool, and have had their bitter experiences in the past and have made efforts in their organization to better themselves. They would like to obtain the full market value of their product and have felt the way it was done in the last war, with the Government taking it over, everybody got a break. Of course, there had been administrative difficulties there as at any other time, with more grease or more dirt in some than in others. Somebody has to estimate that, and you can't handle it in any other way. We can understand all that. But there is a feeling they are not represented in this matter. Would it be possible that they could be represented?

Mr. GALBRAITH. I wonder, Senator, if I could say a word on that.

Senator HAYDEN. Yes.

O. P. M. MAINTAINS CLOSE CONSULTATION WITH WOOL GROWERS ON MATTERS OF INTEREST TO THEM

Mr. GALBRAITH. I am with O. P. A. rather than W. P. B., and we operate exclusively, as you know, with Government personnel. But I think it is fair to say, Mr. Guthrie, it is very largely in the O. P. A.'s sphere of activities that the grower interest comes; that is, we fix the ceiling price, which is, after all, the bread and butter of the wool grower. I would like to stress this, and stress it just as strongly as I can, that we do not take any move and have not moved on wool without the closest consultation with the growers.

Senator McCARRAN. With whom do you consult, for instance?

Mr. GALBRAITH. I just anticipated your question, Senator McCarran, by jotting down some of the names of the wool growers with whom we have been in consultation during the past 2 weeks: Fred Marshall, whom you know very well; Mr. Ward, of Oregon; Mr. Kaulman, of Ohio—all wool growers; Mr. Fawcett, and Mr. Wilson. And I believe they are all coming in tomorrow. We have discussed ceiling prices

with them on numerous occasions and have looked to them for advice and assistance in working out the ceilings.

(A discussion followed, off the record.)

REASON WOOL GROWERS ARE NOT REPRESENTED IN PRESENT ORGANIZATION
HANDLING WOOL

Mr. GALBRAITH. I might say that we have, rightly or wrongly, taken the position all down the line, whether wool or steel or copper scrap or any other commodity, that the man who is fixing prices should be the representative of the Government and the people of the United States, rather than in the position of fixing his own prices; but he has the responsibility, nonetheless, to consult with, get the views of, and work in the closest possible collaboration with those people whose prices he is charged with stabilizing.

Senator McCARRAN. Yes; but here you present a picture to this committee of the other end of the industry and not only the other end of the industry but you have those serving here who are actively interested in the other end of the industry. How can you claim to occupy such a position?

Mr. GALBRAITH. That is what I wanted to make clear, Senator, when I broke into this. The Office of Price Administration has the responsibility of establishing these prices. Mr. Guthrie's responsibilities are on the end of getting the supply and getting it to where it is needed, in the form in which it can be used.

Senator O'MAHONEY. Doctor, let me interrupt you to say I have been dealing with this wool problem and the defense effort for a long period now, and I can say without any exception that the Office of Price Administration has cooperated very loyally and very freely to protect the interests of the producer. I have no complaint at all to make of anything the Office of Price Administration has done. I feel it has always endeavored to look into the interests of the producer, whether wool or any other agricultural commodity in which I happened to be interested, or oil, for example.

I have discussed these matters with the War Production Board and its predecessor, the O. P. M., largely with Mr. Nelson and Mr. McKeachie. I have never had the opportunity of meeting Mr. Guthrie. But that organization, O. P. M. and now W. P. B., is on a different basis from O. P. A. O. P. A. has, as Dr. Galbraith says, endeavored to keep any representatives of the industry out of the picture. But O. P. M., on the other hand—

Mr. GALBRAITH. We have a different kind of a job.

Senator O'MAHONEY. Yes; you have a different job. It is a judicial job. O. P. M. and W. P. B. have the task of securing the production of war materials, and it is natural, I suppose, that in that organization the Government had to turn to men who were experienced in various branches of the industry. But it is right there that the comment of Senator McCarran has its bearing. In the O. P. M., and in its successor, the W. P. B., the producer has not been represented in determining the policies which are to guide the Government. I have no doubt you gentlemen all feel you are dealing with it perfectly fairly. But the producers naturally feel, as anybody would, not knowing the manufacturers and the machinery of reaching conclusions, that perhaps if they were sitting in or were represented in the discussion of

the policy, they would be better satisfied. Pardon me for interrupting you.

Senator McCARRAN. You told me, Doctor, you had conferred with Marshall, and Ward, and Kaufman, and Wilson, and others. In such conference, did they not heartily advocate the same policy as was followed in the former war?

Mr. GALBRAITH. They did.

Senator McCARRAN. That is what I thought.

Mr. GALBRAITH. Yes, sir. But that is not something which, in the Office of Price Administration, we were charged with doing. Our only responsibility was to fix a price fair to the grower and one that would move the wool.

(A discussion followed off the record.)

ORGANIZATION HANDLING COTTON

Senator THOMAS. What connection have you gentlemen with the cotton industry, if any?

Mr. GUTHRIE. We have the same connection with cotton that we have with wool.

Senator THOMAS. You are officiating in the same way with respect to cotton as in respect to wool?

Mr. GUTHRIE. Oh, yes.

Senator THOMAS. Is the same group handling cotton?

Mr. GUTHRIE. No; an entirely different group.

Senator THOMAS. You are the head of the section.

Mr. GUTHRIE. Yes, sir.

Senator THOMAS. Have you a section under you that handles cotton?

Mr. GUTHRIE. Yes, sir.

Senator THOMAS. Who are they?

Mr. GUTHRIE. Mr. Frank Walton.

Senator THOMAS. Where is he from?

Mr. GUTHRIE. He is originally from Alabama, I think. He is now in the cotton business, I think, a selling agent.

Senator THOMAS. Who is the next one?

Mr. GUTHRIE. A man named Meadows, who is supposed to be an expert on cotton. He does not represent the cotton growers as such.

Senator THOMAS. Where is he from?

Mr. STEVEN. North Carolina, I think.

Senator McKELLAR. Where is he now?

Mr. GUTHRIE. He is here in Washington.

Senator McKELLAR. How long has he been here?

Mr. GUTHRIE. He was here when I came; he must have been here about a year or a little over.

Senator O'MAHONEY. He is a paid man?

Mr. GUTHRIE. Yes, sir.

Senator McKELLAR. And the next man?

Mr. GUTHRIE. Thomas H. McKinney, a consultant on cotton thread, who has his own mill in one of the Carolinas; and J. Bruce McCullough, the consultant on webbing and braiding. He is from Elizabeth Webbing Mills, Pawtucket, R. I., a New England mill. And Thomas Bancroft, from Turner-Halsey Co., of Worth Street, New York. J. W. Proctor, working on ducks, is from Wellington Sears.

FIVE CEILINGS OR STANDARDS FOR WOOL

Senator THOMAS. I want to put into the record at this time, Mr. Chairman, the statement that in the case of wool there are five ceilings or standards:

The parity price of wool is 26.3; 110 percent would be 29. The October 1 level would be 36.3. The average farm price, which means average price of wool 1919 to 1929, 34.1. The December 15, 1941, price is 37.1.

Wool has reached the highest level, and I am just wondering how that happens when there is so much wool in the world and so much wool on hand, and yet we have only about a year's supply of cotton in the United States and they are trying to keep the price down around 17 or 18 cents a pound.

PRICE OF COTTON

I am wondering what, if anything, your organization is doing to keep prices down or where you are trying to keep them; why it is that the Government is trying to keep the cotton price down, far below the lowest ceiling, below parity, the cash or farm price, when wool is up beyond the highest ceiling.

Mr. GUTHRIE. Senator, as far as I have ever heard, or know, I have never heard the price of cotton mentioned or discussed in our activities.

Senator McKELLAR. It is because no one is interested in cotton?

Mr. GUTHRIE. No, Senator. We have been working desperately to get cotton spun into thread and get out bags for the fruit crop and for the wool growers.

Senator O'MAHONEY. You haven't fixed a ceiling on cotton, have you?

Mr. GALBRAITH. No; cotton is still below the levels set.

Senator O'MAHONEY. And as far as the Price Administration is concerned, it may rise and you won't bother it?

Mr. GALBRAITH. The Price Administration cannot fix the price of cotton until it reaches the highest of the four standards in the act.

Senator THOMAS. It is below 110 percent of parity, and the Administration is trying to keep it down below parity.

Mr. GALBRAITH. Let me cite this difference between the cotton and wool situations. The available supply of cotton is here in the continental United States.

Senator THOMAS. The testimony shows there is a very large amount of wool here in the country.

Mr. GALBRAITH. I think Mr. Guthrie will back me up in saying that, according to the relative demand, the supply of wool is very much smaller than the supply of cotton. That is to say, the American Army is clothed in wool in large part, and he stated next year there is going to be relatively little wool available for the civilian population. I do not anticipate there is going to be anybody who is going to have to do without cotton garments.

Senator McKELLAR. If we have many more bills like this, they will. Did you know you require 335,000 bales of cotton in this very bill?

Mr. GALBRAITH. I started to correct myself on that when I said no one would have to do without cotton. That may be a little hasty.

Senator THOMAS. The fact is that the people who raise cotton can't wear cotton garments.

(A discussion followed, off the record.)

Senator O'MAHONEY. Mr. Chairman, I am very grateful to these gentlemen and thank them for their testimony.

Senator McKELLAR. Very well; the hearing is concluded.

WORK PROJECTS ADMINISTRATION

USE OF SEWING PROJECTS IN PRODUCTION OF CERTAIN EQUIPMENT FOR THE WAR DEPARTMENT

(Upon request of the subcommittee, the Work Projects Administration furnished the following information relative to the utilization of sewing projects in the production of certain items of equipment for the War Department, which was directed to be inserted in the record.)

FEBRUARY 4, 1942.

The honorable the SECRETARY OF WAR.

MY DEAR MR. SECRETARY: The Work Projects Administration believes with the War Department that the most efficient use must be made of our resources—both workers and equipment—in the prosecution of the war effort. In the interest of effectuating this policy this Administration offers to make available the resources of its 600 sewing projects for use in whole or in part in the production of war materials requiring such equipment.

In the prosecution of the War Department's production program for the manufacture of items requiring power or special sewing-machine operations, such as gas masks, carriers, fatigue uniforms, etc., the existence in many cities of large Work Projects Administration sewing rooms of industrial type with fully trained or experienced personnel, is a public asset which may be used for the war effort. While the Work Projects Administration is facilitating the return of its trained or experienced workers to employment with private contractors, it finds that the supply remaining is sufficient to warrant special arrangements for the absorption of these workers in public employment other than on the Work Projects Administration program.

In labor resources of this kind the Administration has a supply of approximately 56,000 trained and experienced workers, as may be noted in table I, attached. These workers are currently employed on Work Projects Administration projects. Additional competent workers on Work Projects Administration rolls are also available but are not listed in the table. Practically all sewing-room employees are women and are, therefore, not subject to ordinary military service. Approximately 75 percent of the workers listed in the attachment are sewing-machine operators, and about 30 percent are operators of industrial types of power sewing machines. Supervisory, auxiliary, repair, and other service personnel make up about 25 percent of the 56,000. The major portion of the most highly skilled workers are in communities where the most advanced types of industrial equipment are in operation. There are approximately 100 industrial sewing shops in operation, and the Administration would be pleased to make any of these available to your inspection.

In equipment resources the Administration and other public agencies have a supply of 22,500 industrial-type sewing machines, including 2,100 special-operation machines, such as buttonhole, button-sewing, two-needle, bar-tacking, serging, etc. Tabulations showing these by States appear in table I and II, attached. Nonindustrial types of sewing machines are excluded from the list but constitute a reservoir of additional equipment.

The advantage of taking over fully operating units without complicated problems of procurement of equipment, recruiting of personnel, training operators, supervisory and service personnel, arranging for housing and transportation will accrue to the War Department if such units are absorbed by the Department. This Administration places at your disposal the service of its organization in arranging for such transfers.

Very truly yours,

F. H. DRYDEN,
Acting Commissioner.

TABLE 1.—*W. P. A. industrial sewing equipment and workers available on W. P. A. program for war use, by W. P. A. regions and States, Dec. 31, 1941*

	Total inventory			Industrial types									Em- ploy- ment
				Power—single needle			Heavy-duty treadle			Special operation machines			
	Total	Federal	Spon- sor	Total	Federal	Spon- sor	Total	Federal	Spon- sor	Total	Federal	Spon- sor	
Continental United States	22,475	18,576	3,899	16,548	13,550	2,998	3,828	3,619	209	2,099	1,407	692	56,146
Region I— total	5,400	3,191	2,209	4,364	2,731	1,633	274	202	72	762	258	540	19,331
Connecticut	134	106	28	89	72	17	1		1	44	34	10	245
Delaware, District of Columbia,													
Maryland	108	108		74	74		24	24		10	10		357
Maine	111	75	36	106	71	35				5	4	1	334
Massachusetts	1,725	880	845	1,490	866	624	5		5	230	14	216	3,316
New Hampshire	67	18	49				67	18	49				667
New Jersey	220	182	38	208	182	26				12		12	1,630
New York City	1,390	546	844	1,150	524	626				240	22	218	1,772
New York State	344	19	325	282	19	263	17		17	45		45	2,546
Pennsylvania	1,020	1,000	20	836	816	20	10	10		174	174		7,880
Rhode Island	117	93	24	114	92	22	1	1		2		2	448
Vermont	164	164		15	15		149	149					136
Region III— total	3,494	3,397	97	2,212	2,141	71	1,199	1,179	20	83	77	6	4,943
Florida	337	337		164	164		143	143		30	30		1,155
Georgia	818	746	72	735	669	66	57	57		26	20	6	786
Kentucky	27	27								27	27		444
No. Carolina	1,163	1,143	20	498	498		665	645	20				707
So. Carolina	807	807		807	807								512
Tennessee	43	38	5	8	3	5	35	35					314
Virginia	299	299					299	299					1,025
Region IV— total	4,595	4,037	558	3,577	3,071	506	570	570		448	396	52	10,682
Illinois	1,935	1,492	443	1,746	1,340	406	6	6		183	146	37	2,371
Indiana	359	359		102	102		257	257					807
Michigan	583	546	37	547	510	37				36	36		2,158
Missouri	284	234	50	130	86	44				154	148	6	1,462
Ohio	1,426	1,398	28	1,044	1,025	19	307	307		75	66	9	2,816
West Virginia	8	8		8	8								1,068
Region V— total	3,636	3,192	444	3,207	2,860	347	32	17	15	397	315	82	5,328
Iowa	474	468	6	427	427					47	41	6	864
Kansas	263	207	56	253	207	46	1		1	9		9	821
Minnesota	1,513	1,397	116	1,314	1,226	88	15	14	1	184	157	27	1,685
Nebraska	529	529		457	457		3	3		69	69		538
North Dakota													355
South Dakota	63	27	36	50	27	23	13		13				329
Wisconsin	794	564	230	706	516	190				88	48	40	736
Region VI— total	1,891	1,769	122	484	364	120	1,395	1,395		12	10	2	7,547
Alabama	570	570		280	280		286	286		4	4		591
Arkansas	477	477					477	477					821
Louisiana	338	216	122	204	84	120	132	132		2		2	592
Mississippi													254
Oklahoma	506	506					500	500		6	6		1,362
Texas													3,927
Region VII— total	3,459	2,990	469	2,704	2,383	321	358	256	102	397	351	46	8,246
Arizona	17	17		16	16					1	1		167
California:													
North	310	192	118	236	152	84	10	8	2	64	32	32	1,991
South	311	311		243	243					68	68		1,681
Colorado	1,160	1,160		972	972					188	188		996
Idaho	97	97		65	65		32	32					418
Montana	537	454	83	507	426	81				30	28	2	738
Nevada	15	15		15	15								158
New Mexico	404	204	200	100		100	304	204	100				361
Oregon	200	189	11	187	177	10				13	12	1	320
Utah	277	277		243	243		12	12		22	22		328
Washington	57		57	46		46				11		11	821
Wyoming													267
Puerto Rico	74	74		74	74								69

TABLE II.—*W. P. A. cloth cutting and other equipment available on W. P. A. program for war use, by W. P. A. regions and States, Dec. 31, 1941*

	Total inventory			Power cutters			Cloth spreaders			Drilling machines			Labeling machines			Pressing machines		
	Total	Federal	Sponsor	Total	Federal	Sponsor	Total	Federal	Sponsor	Total	Federal	Sponsor	Total	Federal	Sponsor	Total	Federal	Sponsor
Continental United States	914	665	249	686	497	189	64	41	23	98	86	12	26	22	4	40	19	21
Region I—total	335	149	186	269	126	143	15	1	14	18	12	6	8	4	4	25	6	19
Connecticut	7	4	3	7	4	3												
Delaware, District of Columbia, Maryland	7	4	3	5	4	1				1		1				1		1
Maine	4	2	2	4	2	2												
Massachusetts	46	5	41	32	5	27	14		14									
New Hampshire	2		2	2		2												
New Jersey	30	22	8	30	22	8												
New York City	88	23	65	74	21	53				4		4				10	2	8
New York State	56	3	53	40		40							3		3	13	3	10
Pennsylvania	80	76	4	67	63	4				11	11		1	1		1	1	
Rhode Island	9	4	5	6	3	3				2	1	1	1		1			
Vermont	6	6		2	2		1	1					3	3				
Region III—total	75	67	8	47	45	2	6	1	5	21	20	1	1	1				
Florida	6	6		6	6													
Georgia	26	23	3	17	15	2				9	8	1						
Kentucky	10	10		7	7					3	3							
North Carolina	23	18	5	11	11		6	1	5	5	5		1	1				
South Carolina	10	10		6	6					4	4							
Tennessee																		
Virginia																		
Region IV—total	186	167	19	142	128	14	17	15	2	19	18	1	5	5		3	1	2
Illinois	56	41	15	33	22	11	14	12	2	5	4	1	3	3		1		1
Indiana	12	12		9	9			1		2	2							
Michigan	27	26	1	21	20	1	2	2		1	1		2	2		1	1	
Missouri	28	26	2	26	24	2				2	2							
Ohio	57	56	1	48	48					8	8					1		1
West Virginia	6	6		5	5					1	1							
Region V—total	119	110	9	89	81	8	2	2		15	14	1	3	3		10	10	
Iowa	16	15	1	15	14	1				1	1							
Kansas	9	6	3	8	5	3				1	1							
Minnesota	37	35	2	24	22	2				3	3		3	3		7	7	
Nebraska	22	22		15	15		1	1		6	6							
North Dakota	3	3		2	2					1	1							
South Dakota	6	6		6	6													
Wisconsin	26	23	3	19	17	2	1	1		3	2	1				3	3	
Region VI—total	76	67	9	47	40	7	13	12	1	14	13	1	2	2				
Alabama	7	7		3	3			2	2		1	1		1	1			
Arkansas	4	4		4	4													
Louisiana	4		4	3		3				1		1						
Mississippi	2	2		2	2													
Oklahoma	11	11		10	10								1	1				
Texas	48	43	5	25	21	4	11	10	1	12	12							
Region VII—total	121	103	18	90	75	15	11	10	1	11	9	2	7	7		2	2	
Arizona	2	2		2	2													
California																		
Northern	37	26	11	29	20	9	4	4		3	1	2	1	1				
Southern	21	19	2	18	16	2	2	2					1	1				
Colorado	14	14		10	10		1	1		1	1		1	1		1	1	
Idaho	3	3		2	2					1	1							
Montana	4	4		4	4													
Nevada	5	5		2	2					2	2		1	1				
New Mexico	4	2	2	2	1	1	2	1	1									
Oregon	8	8		4	4		2	2		1	1					1	1	
Utah	5	5		3	3					1	1		1	1				
Washington	14	11	3	12	9	3				1	1		1	1				
Wyoming	4	4		2	2					1	1		1	1				
Puerto Rico	2	2		2	2													

(Whereupon, at 4:40 p. m., Friday, February 20, 1942, the hearing on the fifth supplemental national defense appropriation bill for 1942 was concluded.)

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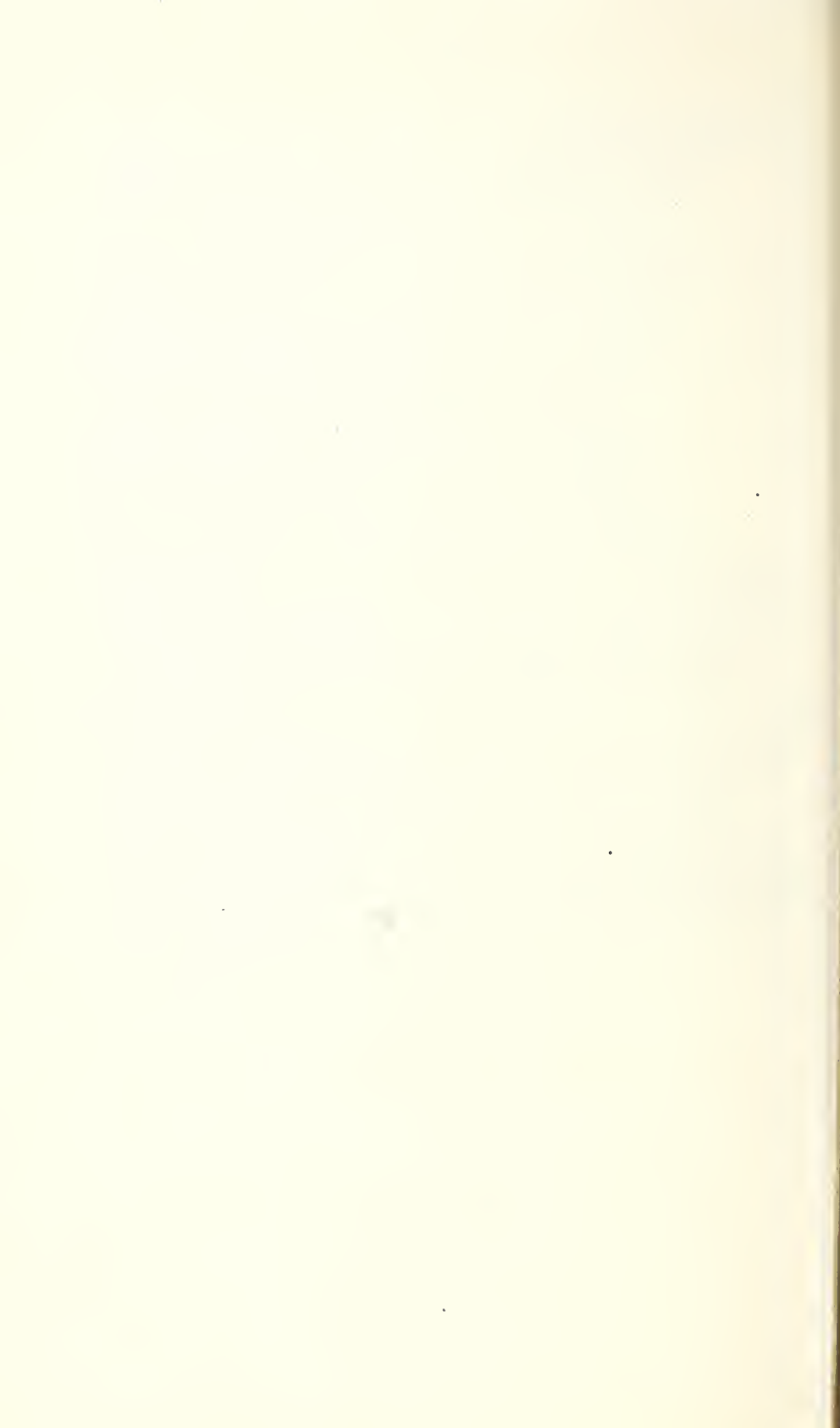
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FIFTH SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1942

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942.—Ordered to be printed

Mr. McKELLAR, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6611]

The Committee on Appropriations, to whom was referred the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, report the same to the Senate with amendments, and submit herewith information relative to the changes made:

Amount of bill as passed the House..... \$29,720,901,900
Amount added by Senate..... 691,836,000
Amount of bill as reported to the Senate... 30,412,737,900

Comparison of estimates and appropriations

Department or Agency	Estimates	Appropriations recommended in bill as reported to Senate	Increase (+) or decrease (—) appropriations compared with estimates
War Department military activities (title I).....	\$23,485,737,900	\$23,485,737,900	
United States Maritime Commission (title II).....	1 1,502,000,000	1,502,000,000	
Defense Aid—Lend-Lease (title III).....	5,430,000,000	5,425,000,000	—\$5,000,000
Total.....	30,417,737,900	30,412,737,900	—5,000,000

1 In addition contract authorization amounting to \$2,350,000,000.

WAR DEPARTMENT—TITLE I

The Budget estimates for the War Department were submitted in House Document No. 615, amounting to \$22,888,901,900, and Senate Document No. 184, amounting to \$596,836,000, making in all,

9 For additional amounts for appropriations for the Mili-
10 tary Establishment, fiscal year 1942, to be supplemental to,

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1 and merged with, the appropriations under the same heads
 2 in the Military Appropriation Act, 1942, including the objects
 3 and subject to the limitations and conditions specified under
 4 the said heads respectively in that Act, except as otherwise
 5 provided herein, and such appropriations, together with ap-
 6 propriations supplemental thereto heretofore and herein made
 7 shall remain available until June 30, 1943, as follows:

8 OFFICE OF THE SECRETARY OF WAR

9 Expediting production: For expediting production of
 10 equipment and supplies for national defense, including the
 11 proviso clause under this head in the Fourth Supplemental
 12 National Defense Appropriation Act, 1942, \$3,011,512,000.

13 QUARTERMASTER CORPS

14 QUARTERMASTER SERVICE, ARMY

15 Subsistence of the Army: For subsistence of the Army,
 16 \$145,830,000;

17 Regular supplies of the Army: For regular supplies of
 18 the Army, \$67,982,000;

19 Clothing and equipage: For clothing and equipage,
 20 ~~\$928,928,000~~ \$1,525,764,000;

21 Army transportation: For Army transportation, \$2,245,-
 22 701,000: *Provided*, That the provisions of section 302 (c) of
 23 the Treasury and Post Office Departments Appropriation

1 Act, 1942, shall not apply to vehicles used or to be procured
2 by the War Department for military activities;

3 Horses, draft and pack animals: For horses, draft and
4 pack animals, \$2,725,900;

5 In all, ~~\$3,391,166,900~~ \$3,988,002,900: *Provided*, That
6 all funds heretofore and herein appropriated for the fiscal year
7 1942, under the titles "Welfare of enlisted men", "Subsistence
8 of the Army", "Regular supplies of the Army", "Clothing and
9 equipage", "Incidental expenses of the Army", "Army trans-
10 portation", and "Horses, draft and pack animals" shall be
11 disbursed and accounted for as one fund under the appropria-
12 tion title "Quartermaster Service, Army", and shall remain
13 available until June 30, 1943: *Provided further*, That said
14 appropriation shall not be subject to any limitations contained
15 in the Military Appropriation Act, 1942, under the appropria-
16 tion titles named in this paragraph except the first and
17 second provisos under the title "Subsistence of the Army",
18 and the limitations on the unit cost of light and medium
19 passenger-carrying automobiles under the title "Army Trans-
20 portation".

21 SIGNAL CORPS

22 Signal Service of the Army: For Signal Service of the
23 Army, \$1,349,000,000.

1 AIR CORPS

2 Air Corps, Army: For Air Corps, Army, \$167,440,000.

3 MEDICAL DEPARTMENT, ARMY

4 Medical and Hospital Department: For Medical and
5 Hospital Department, Army, \$171,178,000.

6 CORPS OF ENGINEERS

7 Engineer Service, Army: For Engineer Service, Army,
8 \$1,226,300,000: *Provided*, That all funds heretofore and
9 herein appropriated for the fiscal year 1942, under the titles
10 "Engineer Service, Army", "Military construction, defense
11 installations", "Construction of buildings, utilities, and appur-
12 tenances at military posts", "Barracks and quarters", and
13 "Construction and repair of hospitals" shall be disbursed and
14 accounted for as one fund under the title "Engineer Service,
15 Army", and shall remain available until June 30, 1943.

16 ORDNANCE DEPARTMENT

17 Ordnance service and supplies, Army: For Ordnance
18 service and supplies, Army, \$13,252,200,000, of which not
19 to exceed \$920,000,000 shall be available for payments under
20 contracts for the production or procurement of ordnance
21 matériel, machinery, and supplies under authorizations under
22 this head contained in appropriation Acts for the fiscal years
23 1941 and 1942.

24 CHEMICAL WARFARE SERVICE

25 Chemical Warfare Service: For Chemical Warfare Serv-
26 ice, Army, \$288,336,000.

1 SEACOAST DEFENSES

2 Seacoast defenses: For seacoast defenses, \$31,769,000.

3 GENERAL PROVISIONS

4 SEC. 101. The limitation of 5 per centum upon the
5 amount which may be transferred from one appropriation
6 to another, with the approval of the Director of the Bureau
7 of the Budget, contained in section 3 of the Military Approp-
8 riation Act, 1942, is hereby increased to 10 per centum.

9 SEC. 102. Whenever the President deems it to be in
10 the interest of national defense, he may authorize the Secre-
11 tary of War to sell, transfer title to, exchange, lease, lend,
12 or otherwise dispose of, to the government of any country
13 whose defense the President deems vital to the defense of the
14 United States, any defense article procured from funds appro-
15 priated in this title, in accordance with the provisions of the
16 Act of March 11, 1941 (Public Law 11): *Provided*, That
17 the total value of articles disposed of under this authority
18 shall not exceed \$11,250,000,000.

19 SEC. 103. This title may be cited as "Title V, Military
20 Appropriation Act, 1942".

21 TITLE II—UNITED STATES MARITIME

22 COMMISSION

23 SEC. 201. Construction fund, United States Maritime
24 Commission: For an additional amount to increase the con-
25 struction fund established by the "Merchant Marine Act", as

1 supplemented by title III of the "First Supplemental Na-
2 tional Defense Appropriation Act, 1942", for the construction
3 of vessels, production and procurement of parts, equipment,
4 material, and supplies for such vessels, and the establishment,
5 acquisition, construction, enlargement, or extension of plants
6 or facilities, \$1,502,000,000, of which not to exceed \$2,000,-
7 000 shall be available for administrative expenses, and the
8 Commission is authorized, in addition to such appropriation
9 of \$1,502,000,000, to enter into contracts for the same pur-
10 poses (except administrative expenses) in an amount not
11 to exceed \$2,350,000,000: *Provided*, That whenever the
12 President deems it to be in the interest of national defense
13 he may authorize the Commission to lease vessels herein
14 authorized to be constructed to the government of any
15 country whose defense the President deems vital to the
16 defense of the United States, in accordance with the provi-
17 sions of the Act of March 11, 1941 (Public Law 11): *Pro-*
18 *vided further*, That the provisions of sections 2 and 4, and the
19 several proviso clauses contained in section 1 of the Act of
20 February 6, 1941, shall apply to all the activities and func-
21 tions which the Commission is hereby authorized to perform.

22 TITLE III—DEFENSE AID

23 SEC. 301. To enable the President, through such depart-
24 ments or agencies of the Government as he may designate,
25 further to carry out the provisions of an Act to promote the

1 defense of the United States, approved March 11, 1941, and
2 for each and every purpose incident to or necessary therefor,
3 the following sums for the following respective purposes,
4 namely:

5 (a) For the procurement, by manufacture or otherwise,
6 of defense articles, information and services, for the govern-
7 ment of any country whose defense the President deems vital
8 to the defense of the United States, and the disposition
9 thereof, including all necessary expenses in connection there-
10 with, as follows:

11 (3) Automobiles, trucks and other automotive vehicles,
12 spare parts, and accessories, \$129,015,000.

13 (4) Vessels, ships, boats, and other watercraft, including
14 the hire or other temporary use thereof, and equipage, sup-
15 plies, materials, spare parts, and accessories, \$734,420,000.

16 (6) Facilities and equipment for the manufacture, pro-
17 duction, or operation of defense articles and for otherwise
18 carrying out the purposes of the Act of March 11, 1941,
19 including the acquisition of land, and the maintenance and
20 operation of such facilities and equipment, \$111,450,000.

21 (7) Agricultural, industrial, and other commodities and
22 articles, \$3,567,115,000.

23 (b) For testing, inspecting, proving, repairing, outfit-
24 ting, reconditioning, or otherwise placing in good working
25 order any defense articles for the government of any country

1 whose defense the President deems vital to the defense of
2 the United States, including services and expenses in con-
3 nection therewith, \$208,000,000.

4 (c) For necessary services and expenses for carrying
5 out the purposes of the Act of March 11, 1941, not specified
6 or included in the foregoing, ~~\$580,000,000~~ \$675,000,000.

7 (d) In all, ~~\$5,330,000,000~~ \$5,425,000,000, to remain
8 available until June 30, 1943.

9 (e) Each of the foregoing appropriations shall be addi-
10 tional to, and consolidated with, the appropriations for the
11 same purpose contained in the same respective categories of
12 appropriation in the Defense Aid Supplemental Appropriation
13 Act, 1941, and the Defense Aid Supplemental Appropriation
14 Act, 1942: *Provided*, That with the exception of the appro-
15 priation for administrative expenses, not to exceed 20 per
16 centum of any such consolidated appropriations may be trans-
17 ferred by the President to any other of such consolidated
18 appropriations, but no such consolidated appropriation shall
19 be increased more than 30 per centum thereby.

20 SEC. 302. Any defense article procured pursuant to this
21 title shall be retained by or transferred to and for the use
22 of such department or agency of the United States as the
23 President may determine, in lieu of being disposed of to a
24 foreign government, whenever in the judgment of the Presi-
25 dent the defense of the United States will be best served
26 thereby.

1 SEC. 303. The term "defense article" as used in section
2 102 of the Third Supplemental National Defense Appropria-
3 tion Act, 1942, approved December 17, ~~1942~~ 1941 (Public
4 Law 353), in section 102 of the Fourth Supplemental Na-
5 tional Defense Appropriation Act, 1942, approved January
6 30, 1942 (Public Law 422), in section 301 of the Act of
7 February 7, 1942 (Public Law 441), and in section 102
8 of this Act shall be deemed to include defense information
9 and services, and the expenses in connection with the pro-
10 curement or supplying of defense articles, information, and
11 services.

12 SEC. 304. This title may be cited as the "Second De-
13 fense Aid Supplemental Appropriation Act, 1942".

14 TITLE IV—GENERAL PROVISIONS

15 SEC. 401. No part of any appropriation contained in
16 this Act shall be used to pay the salary or wages of any
17 person who advocates, or who is a member of an organization
18 that advocates, the overthrow of the Government of the
19 United States by force or violence: *Provided*, That for the
20 purposes hereof an affidavit shall be considered prima facie
21 evidence that the person making the affidavit does not ad-
22 vocate, and is not a member of an organization that advo-
23 cates, the overthrow of the Government of the United States
24 by force or violence: *Provided further*, That any person
25 who advocates, or who is a member of an organization that

1 advocates, the overthrow of the Government of the United
2 States by force or violence and accepts employment the salary
3 or wages for which are paid from any appropriation in this
4 Act shall be guilty of a felony and, upon conviction, shall be
5 fined not more than \$1,000 or imprisoned for not more than
6 one year, or both: *Provided further*, That the above penalty
7 clause shall be in addition to, and not in substitution for, any
8 other provisions of existing law.

9 SEC. 402. No part of any appropriation contained in this
10 Act or authorized hereby to be expended (except as other-
11 wise provided for herein) shall be used to pay the compensa-
12 tion of any officer or employee of the Government of the
13 United States, whose post of duty is in continental United
14 States unless such person is a citizen of the United States, or
15 a person in the service of the United States on the date of the
16 approval of this Act who being eligible for citizenship had
17 theretofore filed a declaration of intention to become a citizen
18 or who owes allegiance to the United States. This section
19 shall not apply to citizens of the Commonwealth of the
20 Philippines.

21 SEC. 403. This Act may be cited as the "Fifth Supple-
22 mental National Defense Appropriation Act, 1942."

Passed the House of Representatives February 17, 1942.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

FEBRUARY 18 (legislative day, FEBRUARY 13), 1942
Read twice and referred to the Committee on
Appropriations

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942
Reported with amendments

H. R. 6611

IN THE SENATE OF THE UNITED STATES

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McKELLAR to the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, viz: On page 10, after line 24, insert a new section reading as follows:

1 SEC. 403. Limitations on appropriations heretofore en-
2 acted and available for obligation during the fiscal years
3 1942 and 1943, which prohibit the use of such appropriations
4 and other funds for the employment in the service of the
5 District of Columbia and the United States (including any
6 agency a majority of the stock of which is owned by the
7 Government of the United States) of persons who are not
8 citizens of the United States or who have not filed declara-
9 tions of intention to become such, shall not apply hereafter
10 to citizens of the Commonwealth of the Philippines.

AMENDMENT

Intended to be proposed by Mr. McKellar to the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942

Ordered to lie on the table and to be printed

H. R. 6611

IN THE SENATE OF THE UNITED STATES

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, viz: At the proper place insert the following new section:

1 SEC. . . No part of any appropriation contained in this
2 Act, or of any appropriation the availability of which is
3 continued by this Act, shall be used to purchase or otherwise
4 acquire, for use in the United States, any agricultural com-
5 modity title to which is held by the Commodity Credit Cor-
6 poration on or after the date of enactment of this Act, or any
7 article or commodity processed or manufactured from or
8 acquired in exchange for any such agricultural commodity,
9 at a price or pursuant to any arrangement or contract which
10 results in such corporation receiving less for such commodity
11 than the parity price therefor.

77TH CONGRESS
2D SESSION

H. R. 6611

AMENDMENT

Intended to be proposed by Mr. BANKHEAD to the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

FEBRUARY 23 (legislative day, FEBRUARY 13), 1942

Ordered to lie on the table and to be printed

The Senator from Minnesota [Mr. SHIPSTEAD] is absent because of illness. If present, he would vote "nay."

The Senator from Michigan [Mr. VANDENBERG] is absent on official business. He has a pair with the Senator from Louisiana [Mr. OVERTON]. If present, the Senator from Michigan would vote "yea."

The Senator from Nebraska [Mr. BUTLER] is necessarily absent. If present, he would vote "nay."

The Senator from Illinois [Mr. BROOKS] is necessarily absent.

The result was announced—yeas 24, nays 48, as follows:

YEAS—24

Austin	Gerry	Tobey
Barbour	Green	Truman
Barkley	Guffey	Tunnell
Brewster	Kilgore	Tydings
Brown	Maloney	Van Nuys
Burton	Mead	Wallgren
Byrd	Radcliffe	Walsh
Danaher	Smathers	White

NAYS—48

Alken	Ellender	Millikin
Bailey	Gillette	Murray
Ball	Gurney	Norris
Bankhead	Hayden	Nye
Bilbo	Herring	O'Daniel
Bone	Hill	O'Mahoney
Bulow	Holman	Overtone
Bunker	Hughes	Reed
Capper	Johnson, Calif.	Reynolds
Caraway	Johnson, Colo.	Rosier
Chavez	La Follette	Russell
Clark, Idaho	Langer	Schwartz
Clark, Mo.	McCarran	Stewart
Connally	McKellar	Thomas, Idaho
Downey	McNary	Thomas, Okla.
Doxey	Maybank	Wiley

NOT VOTING—24

Andrews	Hatch	Smith
Bridges	Lee	Spencer
Brooks	Lodge	Taft
Butler	Lucas	Thomas, Utah
Chandler	McFarland	Vandenberg
Davis	Murdock	Wagner
George	Pepper	Wheeler
Glass	Shipstead	Willis

So Mr. BROWN's amendment was rejected.

Mr. TAFT. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 3, after the word "hereafter", it is proposed to insert "until December 31, 1944, or until such earlier time as the Congress by concurrent resolution may designate."

Mr. TAFT. Mr. President, this amendment would have the same effect as the one I offered earlier and withdrew. I have made the term conform to the provision in the second war powers act, which was adopted by the Senate, so that the amendment now reads the same as the provision which was offered to that act by the Senator from Missouri [Mr. CLARK].

Mr. BANKHEAD. Mr. President, the authors of this bill are familiar with the amendment of the Senator and have no objection at all to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT].

The amendment was agreed to.

The VICE PRESIDENT. The bill is still before the Senate and open to further amendment. If there be no further amendment proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. CLARK of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered; and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the Senator from Kentucky [Mr. CHANDLER], who is necessarily absent. I, therefore, withhold my vote.

Mr. OVERTON (when his name was called). On this vote I have a pair with the senior Senator from Michigan [Mr. VANDENBERG]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER] and will vote. I vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER], who is absent because of illness. On this vote, I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD]. If the Senator from Minnesota were present, he would vote "yea," and, if the Senator from New York were present, he would vote "nay." I vote "yea."

The roll call was concluded.

Mr. THOMAS of Oklahoma. My colleague the junior Senator from Oklahoma [Mr. LEE] is necessarily absent. Were he present, he would vote "yea."

Mr. McNARY. I again announce that the junior Senator from Indiana [Mr. WILLIS] and the junior Senator from Nebraska [Mr. BUTLER] are necessarily absent. If present, both Senators would vote "yea."

Mr. HAYDEN. I announce that if my colleague the junior Senator from Arizona [Mr. McFARLAND] were present, he would vote "yea."

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] has a general pair with the Senator from Massachusetts [Mr. LODGE]. If my colleague were present and permitted to vote, he would vote "nay." I am not advised how the Senator from Massachusetts [Mr. LODGE] would vote if present.

Mrs. CARAWAY. I announce that my colleague the junior Senator from Arkansas [Mr. SPENCER] is necessarily absent. Were he present, he would vote "yea."

Mr. RUSSELL. My colleague the senior Senator from Georgia [Mr. GEORGE] is necessarily absent. Were he present, he would vote "yea."

Mr. BANKHEAD. The senior Senator from South Carolina [Mr. SMITH] is absent because of illness. If present, he would vote "yea."

Mr. CHAVEZ. My colleague the senior Senator from New Mexico [Mr. HATCH] is absent because of illness. If present, he would vote "yea."

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of injury and illness. He has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Michigan [Mr. VANDENBERG] is absent on official business. He has a pair with the Senator from

Louisiana [Mr. OVERTON]. If present, the Senator from Michigan would vote "nay."

The Senator from Illinois [Mr. BROOKS] is necessarily absent.

Mr. HILL. I announce that the Senator from Utah [Mr. MURDOCK] is absent from the Senate because of illness.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Illinois [Mr. LUCAS], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Montana [Mr. WHEELER] is detained in a committee meeting. I am advised that if present and voting he would vote "yea."

The result was announced—yeas 50, nays 23, as follows:

YEAS—50

Aiken	Gillette	Norris
Bailey	Gurney	Nye
Ball	Hayden	O'Daniel
Bankhead	Herring	O'Mahoney
Bilbo	Hill	Overtone
Bone	Holman	Reed
Bulow	Hughes	Reynolds
Bunker	Johnson, Calif.	Rosier
Capper	Johnson, Colo.	Russell
Caraway	La Follette	Stewart
Chavez	Langer	Taft
Clark, Idaho	McCarran	Thomas, Idaho
Clark, Mo.	McKellar	Thomas, Okla.
Connally	McNary	Tunnell
Downey	Maybank	Wallgren
Doxey	Millikin	Wiley
Ellender	Murray	

NAYS—23

Austin	Gerry	Smathers
Barbour	Green	Tobey
Barkley	Guffey	Truman
Brewster	Kilgore	Tydings
Brown	Maloney	Van Nuys
Burton	Mead	Walsh
Byrd	Radcliffe	White
Danaher	Schwartz	

NOT VOTING—23

Andrews	Hatch	Smith
Bridges	Lee	Spencer
Brooks	Lodge	Thomas, Utah
Butler	Lucas	Vandenberg
Chandler	McFarland	Wagner
Davis	Murdock	Wheeler
George	Pepper	Willis
Glass	Shipstead	

So the bill (S. 2255) was passed.

PROGRAM FOR THE WEEK

Mr. BARKLEY. Mr. President, I wish to announce that tomorrow we hope to dispose of the appropriation bill which the Senator from Tennessee [Mr. McKELLAR] will presently move to take up, and following that I hope we may have a call of the calendar for the consideration of measures to which there is no objection, and probably dispose of one or two other routine measures, after which the hope is that we may adjourn over until the following Monday.

FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to consider House bill 6611, making additional appropriations for the national defense.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

REGULATION OF FEES IN CERTAIN CASES

Mr. BONE. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 5880, relating to the fees of clerks in certain cases. I should not make this request except that it is a very important matter for my State, which is particularly affected by the bill. It is not general legislation.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 5880) to abolish certain fees charged by clerks of the district courts and to exempt defendants in condemnation proceedings from the payment of filing fees in certain instances, which was read, as follows:

Be it enacted, etc., That section 3 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857, as amended; U. S. C., 1931 ed., title 28, sec. 550), is amended by striking out the period at the end thereof and inserting a colon and the following: "And provided further, That in any proceeding instituted under any law of the United States to acquire property or any interest therein by eminent domain, defendants and other parties adverse to the condemnor shall not be required to pay the fees prescribed by this section."

Sec. 2. Paragraph 8 of section 8 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857; U. S. C., 1934 ed., title 28, sec. 555), is hereby repealed.

Mr. BONE. Mr. President, there are a great many Government condemnations in my section of the country which, of course, is true of all sections, but in our State the defendant is required to go into court and pay a \$5 appearance fee, and \$2 for filing certain other papers. The bill now before us would eliminate the payment of those small fees. Clerks are salaried officers, and there is no real merit in allowing the payment of such fees, and the Committee on the Judiciary of the Senate has agreed to their abolition.

There is another provision to the bill, and I think every Senator will agree that the practice at which the second provision is aimed is a very stupid one. For many years there has been on the statute books a provision requiring the clerk of court to collect a 1-percent fee for a certain type of transaction. In my State certain power districts have condemned some portions of a private power system. In one instance they paid \$5,000,000 for the system, and in another six million. This old, archaic provision of law allows the clerk to collect 1 percent of the amount involved merely for taking the check through the wicker and passing it on to someone else. That amounted to \$50,000 in one case and \$60,000 in another. Such a fee is outrageous. There are very few operations of this kind; it is well off the beaten path, and the bill merely abolishes that one specific thing, which has really no counterpart in other provisions of the law. It is a tragic price for a little power district of farmers in my section of the country to pay for the privilege of taking over a piece of property. The bill would abolish that require-

ment. The Committee on the Judiciary accepted the provision, and reported the bill favorably, and I ask that the bill be passed.

The VICE PRESIDENT. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

PACIFIC AND ALASKAN DEFENSES

Mr. REYNOLDS. Mr. President, 5 years ago I seriously suggested that our Government acquire from our sister Republic of Mexico the peninsula known as Lower California, which belongs to that Republic. On innumerable occasions since then, several times on the floor of the Senate, I have repeated the suggestion, rather feeling that if ever we became involved in war, our enemies on the Pacific would doubtless be the Japanese, and that unless we owned the peninsula of Lower California, and thereby controlled the waters lying between that peninsula and the mainland of Mexico, there would be grave danger of our enemy in the Pacific sheltering ships and submarines in the waters there to be found, and grave danger of their establishing enemy air fields perhaps, in the great open spaces of the peninsula.

I have chosen this opportunity to mention this situation since when the President was delivering his address night before last shells fell upon California soil, and further for the reason that I noticed in the headlines of today's newspaper that enemy planes were observed flying over Los Angeles and San Francisco.

I am rather of the layman's opinion that were they Japanese enemy planes they no doubt came from a section which we have not been able to guard as well as we might have guarded it had we had control of the area of which I have just spoken.

I do not for a second desire anyone to infer from my words or suggestions that I am in anywise criticizing our neighbors to the south, the Mexicans, for not now guarding well our borders and the Pacific coast of their land, because were I to do so we would be subject to criticism for having permitted enemy U-boats to wend their way through our so-called band of steel in the Caribbean and making an attack upon Aruba and Curacao, as was done several days ago.

Mr. President, I now wish to bring to the attention of the Members of this body a letter written to me under date of February 18, 1942, by Charles A. Bland, port traffic manager, Board of Harbor Commissioners, Long Beach, Calif., in reference to the subject concerning which I have just spoken. I request that his letter be published at this point as a part of my remarks, together with an editorial from a California newspaper, the Long Beach Telegram, of February 13, 1942, entitled "Good Idea: Not Usable."

There being no objection, the letter and telegram were ordered to be printed in the RECORD, as follows:

BOARD OF HARBOR COMMISSIONERS,
Long Beach, Calif., February 18, 1942.
Hon. ROBT. R. REYNOLDS,
Senate Office Building,
Washington, D. C.

DEAR BOB: I enclose herewith an editorial clipping from the Long Beach Press-Telegram dated Friday, February 13, concern-

ing the purchase of Lower (Baja) California, from which you will note that the California conference of the Daughters of the American Revolution have taken an interest in this matter.

Now that the femmes have moved in maybe something can be accomplished.

As I recall it you were quoted as being favorable to the acquisition of the peninsula by the Government. I am more or less familiar with the area, and unquestionably this country should acquire it, if it is possible to do so.

Now that our relations with Mexico have improved we should open up negotiations with them. This peninsula is similar in all respects to the peninsula of Florida, and could be developed the same way Florida has been developed, if not even to a greater extent. The development possibilities are tremendous along both the Pacific shore as well as the eastern shore along the Gulf of California.

I spent a week in Miami last November and was very much impressed with the tremendous development in that area. A similar development program could be carried on in Lower California. All it needs is a high-powered promoter.

At the moment it's an undeveloped virgin area, and if you care to have me do so I will be glad to dig up all available data concerning the area and send it to you.

With kindest regards,

Sincerely,

CHAS. A. BLAND,
Port Traffic Manager.

[Enclosure.]

GOOD IDEA: NOT USABLE

Purchase of Lower California by the United States has been proposed in a resolution now pending before the California Conference of the Daughters of the American Revolution. The chief purpose is to prevent the expansion of Japan's colonial ambitions in territory immediately adjacent to the United States.

It is a worthy desire, but it has its handicaps. In the first place, the Mexican Constitution forbids any such action. While it might be possible to amend the constitution, that would be a difficult process, and it might stir up strife between two nations that have been gradually increasing their friendly relations to a point where Mexican cooperation for defense of the hemisphere has become more and more pronounced. The present regime in Mexico is giving particular attention to the defense of the Pacific coast, and no doubt is fully familiar with the Japanese situation in Lower California and along the coast farther south.

It is unfortunate that events could not have been foreseen when the United States and Mexico settled their differences at the close of the war between the two countries in 1848. The treaty of peace should have included the transfer of Lower California to this country, along with Alta California; but that is past history now.

Mr. REYNOLDS. Mr. President, in connection with Pacific defenses I wish to make one other remark in regard to matters relating to the safety of the American people. In 1938 I visited all of Alaska. I was at the northernmost point of the Western Hemisphere, known as Point Barrow. I also visited Fairbanks, Juneau, the capital, and Seward. I visited the Pribilof Islands, as well as the Diomedes, and I was likewise in the Aleutian Islands. On my return from that visit, and speaking to the Members of this body about the tour I had made, I suggested then that immediate consideration should be given to the fortification of Alaska, mentioning at that time—more than 3 years ago—that if

but also a unity of civil authority, a something in the nature of a governor-general with cabinet council entrusted with most of the war powers now lodged in Washington.

It is easy enough to think of all the reasons why this is novel and unprecedented and difficult to do. But if it is a necessary thing to do, we ought not to wait for another Pearl Harbor before doing it. Now, the fact is that the Pacific coast is an absolutely vital region both to the defensive and to the offensive power of the United States. It is very much more vulnerable than we like to realize.

The real obstacle to thorough measures is, it seems to me, a false perspective in Washington and to a considerable extent on the Pacific coast as well. There is a general hesitation about exercising powers which in effect approximate martial law, and of concentrating these powers where they can be effectively exercised. This hesitation arises from scruples, which are quite proper in time of peace, against overriding private interests, vested interests, local and departmental prerogatives.

But these hesitations will be seen in proper perspective when we take as our standard of judgment the fact that the damage done by acting promptly and drastically can be repaired, while the damage which may result from inaction can be irreparable. It may be unpleasant to lock the stable door tight while the horse is still there. But it is far more unpleasant to lock it after the horse is stolen.

FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

CONSOLIDATION OF POLICE AND MUNICIPAL COURTS OF THE DISTRICT

Mr. McCARRAN. Mr. President, there is pending on the calendar House bill 5784 to consolidate the Police and Municipal Courts of the District of Columbia, and for other purposes, to which I desire to draw the attention of the Senate, and for which I shall ask present consideration for the reason that my good friend, the Senator from Maryland [Mr. TYDINGS] may be required to be absent from the Senate if the bill were to be considered later in the day. The calendar number is 1152. The Senator from Tennessee [Mr. McKELLAR] in charge of the pending appropriation bill, has very kindly consented that I may bring up House bill 5784, and temporarily displace the unfinished business, providing the consideration of the bill does not take to exceed 30 minutes. If the consideration of the bill requires to exceed 30 minutes, then I shall desist, and will attempt to have the bill considered at another time.

Mr. President, the reason for asking consideration for the bill now is that the senior Senator from Maryland desires to present an amendment to the bill, to which I, as the author of the bill, cannot agree. I desire to have the matter presented to the Senate, and if the Senate sees fit to adopt the amendment of the Senator from Maryland, well and good. If it does not, then the bill might go through as amended by the Senate Committee on the District of Columbia.

With that in mind, I shall now ask unanimous consent that House bill 5784 be immediately considered, thus displacing the pending business, but providing

that if at the end of 30 minutes from this time the bill shall not have been disposed of, we shall desist and allow the unfinished business to be taken up. I make that request, if it is satisfactory to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, with that understanding I have no objection. I suggest that the Senator from Nevada ask unanimous consent that the unfinished business be temporarily laid aside for the purpose of proceeding with the consideration of his bill for half an hour.

Mr. McCARRAN. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily, and that the Senate proceed to the consideration of House bill 5784.

The VICE PRESIDENT. Is there objection to the unanimous-consent request that the unfinished business be temporarily laid aside, and that the Senate proceed to consider House bill 5784?

There being no objection, the Senate proceeded to consider the bill (H. R. 5784) to consolidate the police and municipal courts of the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause, and to insert in lieu thereof the following:

That the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, be, and they are hereby, consolidated into a single court to be known as "The Municipal Court for the District of Columbia."

THE MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

The court shall consist of 10 judges appointed by the President with the advice and consent of the Senate, 1 of whom shall be designated by the President as chief judge.

The terms of the judges shall be in accordance with the following schedule: The first two appointments shall be for a term of 10 years each; the second two appointments shall be for a term of 8 years each; and the remaining six appointments shall be for a term of 6 years each. The judges of the Police and Municipal Courts of the District of Columbia holding office on the effective date of this act shall, however, serve as judges of the Municipal Court for the District of Columbia hereby created until the expiration of their respective commissions and until their successors are appointed and qualified.

The court shall adopt and have a seal, and shall be a court of record.

Sec. 2. Subsequent appointments and reappointments to this court shall be for a term of 10 years each. All judges shall continue in office until their successors shall be appointed and qualified. Each judge shall be subject to removal only in the manner and for the same causes as are now or hereafter provided for the removal of Federal judges. The salary of the chief judge shall be \$8,500 per annum and the salary of each associate judge shall be \$8,000 per annum. Each judge, when appointed, shall take the oath prescribed for judges of courts of the United States. No person other than a bona fide resident of the District of Columbia and maintaining an actual place of abode therein for at least 5 years immediately prior to his appointment shall be appointed and further such appointee shall have been actively engaged in the practice of the law in the District of Columbia for a period of at least 5 years immediately prior to his appointment, or shall have been a judge of one of the courts of the District of Columbia.

SEC. 3. (a) The chief judge shall, from time to time and for such period or periods as he may determine, designate the judges to preside and attend at the various branches and sessions of the court. He shall have the power to determine the number and fix the time of the various sessions of the court, to arrange the business of the court, and to divide it and assign it among the judges. He shall also be charged with the general administration and superintendence of the business of the court.

(b) The chief judge shall give his attention to the discharge of the duties especially pertaining to his office, and to the performance of such additional judicial work as he may be able to perform.

(c) It shall be the duty of the chief judge and the associate judges to meet together at least once in each month in each year, at such time as may be designated by the chief judge, for the consideration of such matters pertaining to the administration of justice in said court as may be brought before them.

It shall be the duty of each associate judge to attend and serve at any branch or session of the court to which he is assigned. Each associate judge shall submit to the chief judge a monthly report in writing of the duties performed by him, which report shall specify the number of days attendance in court of such judge during said month, and the branch courts upon which he has attended, and the number of hours per day of such attendance, and such other data as may be required by the chief judge, and in such form as the chief judge shall require.

The chief judge shall submit to the Attorney General of the United States and to the Commissioners of the District of Columbia a quarterly report in writing of the business of the court and of the duties performed by each of the judges of the court during the preceding 3 months. A copy of said report shall be filed in the office of the clerk of the court and shall be available and subject to public inspection during business hours.

In the event of the absence, disability, or disqualification of the chief judge, his duties shall devolve upon and be performed by the other judges in the order of seniority of their commissions.

Each judge shall be entitled to vacation, which shall not exceed 36 court days in any one calendar year, and which shall be taken at such times as may be determined by the chief judge.

The court shall have authority to appoint and remove a clerk of the court, whose salary shall be fixed by the court in accordance with the Classification Act of 1923, as amended, and the clerk so appointed shall have and exercise the powers and authority heretofore had or exercised by the clerk of the Police Court of the District of Columbia and the clerk of the Municipal Court of the District of Columbia.

The clerk of the court shall have authority, subject to the approval of the chief judge, to appoint and remove such deputy clerks and such other employees as he may deem necessary, and to have their compensation fixed by the chief judge in accordance with the Classification Act of 1923, as amended, and shall have supervision and direction over them, except clerks serving the respective judges, who shall be appointed and removed from office by the respective judges, their compensation to be fixed by the respective judges in accordance with the Classification Act of 1923, as amended.

The court shall have authority to appoint and remove a probation officer of the court, whose salary shall be fixed by the court in accordance with the Classification Act of 1923, as amended, and the probation officer so appointed shall have and exercise the powers and authority heretofore had or exercised by the probation officer of the Police Court of the District of Columbia.

The probation officer of the court, subject to the approval of the chief judge, shall have authority to appoint and remove such assistant probation officers and such other employees of the probation office as he may deem necessary, and to have their compensation fixed by the chief judge in accordance with the Classification Act of 1923, as amended, and all have supervision and direction over them.

All officials and employees of the Police Court of the District of Columbia and of the Municipal Court of the District of Columbia holding office on the effective date of this act shall continue in office unless and until they are removed therefrom; and all appropriations for the said police court or the said municipal court shall be available for the payment of the salaries and expenses of the Municipal Court for the District of Columbia as hereby established.

SEC. 4. (a) The Municipal Court for the District of Columbia, as established by this act, shall consist of a criminal and a civil branch. The court and each judge thereof shall have and exercise the same powers and jurisdiction as were heretofore had or exercised by the Police Court of the District of Columbia or by the Municipal Court of the District of Columbia or the judges thereof on the effective date of this act, and in addition the said court shall have exclusive jurisdiction of civil actions, including counterclaims and crossclaims, in which the claimed value of personal property or the debt or damages claimed, exclusive of interest, attorneys' fees, protest fees, and costs, does not exceed the sum of \$3,000 and, in addition, shall also have exclusive jurisdiction of such actions against executors, administrators, and other fiduciaries: *Provided, however,* That the District Court of the United States for the District of Columbia shall have jurisdiction of counterclaims and cross claims interposed in actions over which it has jurisdiction. The court shall also have jurisdiction over all cases properly pending in the Municipal Court of the District of Columbia or the Police Court of the District of Columbia on the effective date of this act.

(b) Service of process in the criminal division of the court shall be had as provided under existing law for the Police Court of the District of Columbia; service of process in the civil division of the court shall be had as provided under existing law for the Municipal Court of the District of Columbia, or in such other manner as may be prescribed by rules of court.

(c) All judgments entered by the Municipal Court for the District of Columbia on or after the effective date of this act shall remain in force for 6 years and no longer unless the same be docketed in the office of the clerk of the District Court of the United States for the District of Columbia. Upon payment of a fee of 50 cents the clerk of the Municipal Court for the District of Columbia shall prepare a copy of any judgment of the said court whether heretofore rendered and in force and effective on the effective date of this act or hereafter rendered, and the same upon being docketed with the clerk of said District Court shall have the same force and effect for all purposes as if it had been a judgment of said district court. For the docketing of the same the clerk of said district court shall charge a fee of 50 cents.

SEC. 5. (a) If, in any action, other than an action for equitable relief, pending on the effective date of this act or thereafter commenced in the District Court of the United States for the District of Columbia, it shall appear to the satisfaction of the court at any pretrial hearing thereof that the action will not justify a judgment in excess of \$1,000, the court may certify such action to the Municipal Court for the District of Columbia for trial. The pleadings in such action, together with a copy of the docket entries and of any orders theretofore entered therein,

shall be sent to the clerk of the said Municipal Court, together with the deposit for costs, and the case shall be called for trial in that court promptly thereafter; and shall thereafter be treated as though it had been filed originally in the said Municipal Court, except that the jurisdiction of that court shall extend to the amount claimed in such action, even though it exceed the sum of \$3,000.

(b) The Municipal Court for the District of Columbia shall have the power and is hereby directed to prescribe, by rules, the forms of process, writs, pleadings and motions, and practice and procedure in such court, to provide for the efficient administration of justice, and the same shall conform as nearly as may be practicable to the forms, practice, and procedure now obtaining under the Federal Rules of Civil Procedure. Said rules shall not abridge, enlarge, or modify the substantive rights of any litigant. After their effective date all laws in conflict therewith shall be of no further force or effect: *Provided, however,* That nothing in this section shall be construed to require any change in the existing rules, procedure, or practice now in effect in the small claims and conciliation branch of the presently constituted Municipal Court of the District of Columbia; nor shall this act or any section thereof in any way repeal or modify the provisions of the act of March 5, 1938 (52 Stat. 103, ch. 43), establishing said small claims and conciliation branch.

(c) The Municipal Court for the District of Columbia shall have the power to compel the attendance of witnesses from any part of the District of Columbia by attachment, and any judge thereof shall have the power to punish for disobedience of any order, or contempt committed in the presence of the court by a fine not exceeding \$50 or imprisonment not exceeding 30 days.

THE MUNICIPAL COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

SEC. 6. There is hereby established and created an intermediate appellate court for the District of Columbia to be known as the Municipal Court of Appeals for the District of Columbia, for the hearing of appeals from judgments and orders of the Municipal Court for the District of Columbia as established by this act, and of the Juvenile Court of the District of Columbia, as hereinafter provided.

The court shall adopt and have a seal, and shall be a court of record.

The said court shall consist of three judges appointed by the President, with the advice and consent of the Senate, two of whom shall constitute a quorum, and one of whom shall be designated by the President as chief judge.

The chief judge shall be appointed for a term of 10 years, and the associate judges shall be appointed initially for terms of 8 and 6 years each.

Subsequent appointments and reappointments to this court shall be for a term of 10 years each. All judges shall continue in office until their successors shall be appointed and qualified. The qualifications for judges of said court shall be the same as those for judges of the Municipal Court for the District of Columbia. Each judge shall be subject to removal only in the manner and for the same causes as are now or hereafter provided for the removal of Federal judges. The salary of the chief judge shall be \$9,500 per annum, and that of each associate judge shall be \$9,000 per annum. Each judge, when appointed, shall take the oath prescribed for judges of courts of the United States. In the event of the absence, disability, or disqualification of any judge of the Municipal Court of Appeals for the District of Columbia, or in the event of a vacancy in the office of any such judge, the chief judge of said court may designate and assign any judge of the Municipal Court for the District of Columbia to act

temporarily as a judge of said court. Likewise the chief judge, whenever he finds it in the public interest to do so, may designate and assign any judge of said Municipal Court of Appeals to act temporarily as a judge of the Municipal Court for the District of Columbia. In the event of the absence, disability, or disqualification of the chief judge of said court, his powers shall be exercised by that judge of said court next in seniority according to the date of commission.

The said court shall appoint a clerk who shall exercise the same powers and perform the same duties in regard to all matters within the jurisdiction of the court as are exercised and performed by the clerk of the United States Court of Appeals for the District of Columbia, so far as the same may be applicable, and his compensation shall be fixed by the court in accordance with the Classification Act of 1923, as amended. The clerk of the court, subject to the approval of the chief judge, shall have authority to appoint and remove such deputy clerks and such other employees as he may deem necessary, and to have their compensation fixed by the chief judge in accordance with the Classification Act of 1923, as amended, and shall have supervision and direction over them, except clerks serving the respective judges, who shall be appointed and removed from office by the respective judges, their compensation to be fixed by the respective judges in accordance with the Classification Act of 1923, as amended.

SEC. 7. (a) Any party aggrieved by any final order or judgment of the Municipal Court for the District of Columbia, as created by this act, or of the Juvenile Court of the District of Columbia, may appeal therefrom as of right to the Municipal Court of Appeals for the District of Columbia. Appeals may also be taken to said court as of right from all interlocutory orders of the Municipal Court for the District of Columbia whereby the possession of property is changed or affected such as orders dissolving writs of attachment and the like: *Provided, however,* That reviews of judgments of the small claims and conciliation branch of the Municipal Court of the District of Columbia, and reviews of judgments in the criminal branch of the court where the penalty imposed is less than \$50, shall be by application for the allowance of an appeal, filed in said Municipal Court of Appeals. Said application shall be on a standard form, in simple language, prescribed by the Municipal Court for the District of Columbia. When the appealing party is not represented by counsel it shall be the duty of the clerk to prepare the application in his behalf. The application for appeal shall be filed in the Municipal Court of Appeals for the District of Columbia within 3 days from the date of judgment. It shall be promptly presented by the clerk to the chief judge and to each of the associate judges for their consideration. If they or any one of them are of the opinion that the appeal should be allowed, the appeal shall be recorded as granted, and the case set down for hearing on appeal and given a preferred status on the calendar, and heard in the same manner as other appeals in said court. If the chief judge and both associate judges shall be of the opinion that an appeal should be denied, such denial shall stand as an affirmation of the judgment of the trial court, from which there shall be no further appeal.

After the effective date of this act no writs of error or appeals, except in respect of judgments theretofore rendered, shall be granted by the United States Court of Appeals for the District of Columbia to the said Municipal Court or to the said Juvenile Court.

(b) The Municipal Court of Appeals for the District of Columbia shall have the power to prescribe by rules what parts of the proceedings in the court below shall constitute

Mr. AUSTIN. The Senator from Kansas [Mr. REED] has a general pair with the Senator from New York [Mr. WAGNER].

The Senator from Illinois [Mr. BROOKS], the Senator from Nebraska [Mr. BUTLER], and the Senator from Massachusetts [Mr. LODGE] are necessarily absent.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH], the Senator from Utah [Mr. MURDOCK], and the Senator from South Carolina [Mr. SMITH] are absent from the Senate because of illness.

The Senator from Pennsylvania [Mr. GUFFEY] is detained on official business.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Georgia [Mr. GEORGE], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from West Virginia [Mr. KILGORE], the Senator from Arizona [Mr. MCFARLAND], the Senators from New York [Mr. MEAD and Mr. WAGNER], the Senator from Arkansas [Mr. SPENCER], the Senator from Missouri [Mr. TRUMAN], and the Senator from Washington [Mr. WALLGREN] are necessarily absent.

The Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Idaho [Mr. CLARK], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], and the Senator from Montana [Mr. WHEELER] are detained in committee meetings.

Mr. THOMAS of Utah (after having voted in the affirmative). I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Maryland [Mr. RADCLIFFE] and allow my vote to stand.

The result was announced—yeas 40, nays 23, as follows:

YEAS—40

Austin	Glass	Nye
Ball	Gurney	Russell
Barbour	Herring	Schwartz
Barkley	Hill	Stewart
Brown	Holman	Taft
Bulow	Hughes	Thomas, Okla.
Byrd	Johnson, Calif.	Thomas, Utah
Caraway	Johnson, Colo.	Tobey
Chavez	McKellar	Tydings
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Walsh
Davis	Millikin	Wiley
Doxey	Murray	
Gerry	Norris	

NAYS—23

Aiken	Ellender	Overton
Bankhead	Green	Reynolds
Bilbo	Hayden	Rosier
Brewster	La Follette	Shipstead
Bunker	Langer	Smathers
Burton	McCarran	Thomas, Idaho
Capper	O'Daniel	Tunnell
Danaher	O'Mahoney	

NOT VOTING—33

Andrews	Guffey	Radcliffe
Bailey	Hatch	Reed
Bone	Kilgore	Smith
Bridges	Lee	Spencer
Brooks	Lodge	Truman
Butler	Lucas	Vandenberg
Chandler	McFarland	Wagner
Clark, Idaho	McNary	Wallgren
Downey	Mead	Wheeler
George	Murdoch	White
Gillette	Pepper	Willis

So Mr. TYDINGS' amendment to the committee amendment was agreed to.

Mr. McCARRAN. Mr. President, I now ask unanimous consent that the bill may be temporarily laid aside, so that the regular order of business may proceed. I express my gratitude to the Senator from Tennessee for his courtesy.

COMPACT WITH RESPECT TO THE WATERS OF THE REPUBLICAN RIVER BASIN

The PRESIDING OFFICER (Mr. BUNKER in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 5945) granting the consent of Congress to a compact entered into by the States of Colorado, Kansas, and Nebraska with respect to the use of the waters of the Republican River Basin, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BANKHEAD. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BANKHEAD, Mr. McCARRAN, Mr. OVERTON, Mr. McNARY, and Mr. JOHNSON of California conferees on the part of the Senate.

PRODUCTION OF INDUSTRIAL AND SYNTHETIC ALCOHOL AND SYNTHETIC RUBBER

Mr. McKELLAR obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. Shortly before the bill which has just been laid aside was taken up I had reported from the Committee to Audit and Control the Contingent Expenses of the Senate on behalf of the Senator from Illinois [Mr. LUCAS], a Senate Resolution 224. I suggested that I would ask later for its consideration. The resolution provides for the appointment of a committee to investigate the production of industrial and synthetic alcohol and synthetic rubber, and was originally submitted by the Senator from Iowa [Mr. GILLETTE]. As it will take only a minute, I am confident, to act on the resolution, if it is in order, I ask that it be considered and disposed of now.

The PRESIDING OFFICER. The resolution will be stated for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 224) submitted by Mr. GILLETTE on February 17, 1942, providing for an investigation relative to the production of industrial alcohol, synthetic alcohol, and synthetic rubber, reported with amendments.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. BARKLEY. Mr. President, reserving the right to object, I desire to ask the Senator from Maryland about the matter.

I understand the committee of which the Senator from Missouri [Mr. TRUMAN] is chairman has been and is now conducting an investigation with respect to the rubber situation. What is the need for another committee to do the same thing? It strikes me—and I say this not to affect

this particular resolution—that we are liable to get into a situation where we are appointing too many committees to investigate too many things and a number of them covering the same territory.

I have had it in my mind—and I so suggested to the Senator from Iowa [Mr. GILLETTE] a few days ago in personal conversation—that this particular resolution is one of those which might involve duplication. Aside from the expense involved, which is not great, there is the matter of confusion and diversity of opinion that may arise from two committees investigating the same thing. What is the situation in that regard?

Mr. TYDINGS. The situation is that the Senate already has passed upon the substance of the resolution, and after the Senate adopted it the resolution then went to the Committee to Audit and Control the Contingent Expenses of the Senate. The sole function of that committee was to confine the resolution insofar as the money involved is concerned.

Mr. BARKLEY. I am not certain that the Senator states the situation accurately. The procedure here regarding an investigatory resolution is, first, that the resolution shall go to the appropriate committee, and then be reported by such committee.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. Then it is referred to the Committee to Audit and Control the Contingent Expenses of the Senate without action on the part of the Senate on the resolution itself. So the function of the Committee to Audit and Control is not merely to decide about the amount of money to be appropriated, but to report the resolution to the Senate with a recommendation one way or the other. It is not quite accurate to say that the Senate has adopted the resolution merely by referring it to the Committee to Audit and Control the Contingent Expenses of the Senate. I desire to obtain information as to why this particular investigation is needed, in addition to the one being conducted by the Senator from Missouri [Mr. TRUMAN], chairman of the Committee to Investigate Defense Activities.

Mr. GILLETTE. In response to the very natural and proper inquiry of the distinguished majority leader, I may say that the resolution which I offered and which has been before these committees, was submitted before I had any information of any action taken by the Truman committee. After the resolution had been submitted I took occasion to discuss the matter with the distinguished chairman of the Truman committee, which committee, as the Senator from Kentucky knows, has been doing superb work. The Senator from Missouri told me of a subcommittee which had been appointed with my own colleague, the junior Senator from Iowa [Mr. HERRING], as chairman. We discussed the phases of the work his committee is doing, which is a grand work, and also the phase of the work contemplated by my resolution, which was reported unanimously by the Senate Committee on Agriculture and Forestry. It was the opinion of both of us that the latter resolution covered enough of a different field so that there

would be no overlapping whatever, that it would be supplemental, and the utilization of grains and other agricultural products in the manufacture of alcohol, and, incidentally, the possible manufacture, ultimately, of rubber, put it into such a widely different category that there would be no conflict, no overlapping whatever, in the work of the committees.

Mr. BARKLEY. The Senator from Missouri is not on the floor at the moment. I should like to have this matter go over until I can confer with him.

Mr. GILLETTE. Of course, that is proper.

Mr. TYDINGS. I withdraw the request for the consideration of the resolution.

FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with; that it be read for amendment; and that committee amendments be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President, I may say to the Senate that this is the largest appropriation bill ever reported by any committee and larger than any ever passed by this or any other body, for the Committee on Appropriations has increased the bill as it passed the House by about \$500,000,000 plus.

The Senate committee added to the House appropriation \$691,836,000, so that the amount recommended, as reported to the Senate, is \$30,412,737,900. To that sum must be added the contract authorizations in the bill, amounting to \$2,350,000,000, which will make the total, including the contract authorizations, \$32,762,737,900, or approximately \$33,000,000,000. No such sum was ever authorized for war or peacetime expenditure by the government of any nation which has ever existed on the face of the earth, so far as I have been able to ascertain.

The principal items of expenditure are as follows:

For the War Department, as per Budget estimates submitted in House Document No. 615, \$22,888,901,900, and as submitted in Senate Document No. 184, \$596,836,000, making appropriations in all for the War Department of \$23,485,737,900.

Mr. President, this is the amount which is carried in the bill for military purposes, under the War Department, and is entirely for the procurement of equipment and facilities for expediting production.

As a break-down of this enormous appropriation, I give the following:

Expediting production, \$3,011,512,000.

For the subsistence of the Army—that is, of the increasing Army—\$145,813,000.

Regular supplies for the Army, \$67,982,000.

Clothing and equipage, \$1,525,764,000.
Army transportation, \$2,245,701,000.

Horses, draft, and pack animals, \$2,725,900.

Signal Service of the Army, \$1,349,000,000.

Air Corps of the Army, \$167,440,000.

I may say at this point that the Air Corps, it will be recalled, received a very large appropriation a short time ago, in the month of December, and this appropriation is only for parts, and some of the activities of the corps.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. McNARY. I do not desire to propound a question which has any relation to the substance of the bill, but my interrogatory is more in the nature of an inquiry as to procedure. Is it the intention of the Senator to proceed to final disposition of the bill today?

Mr. McKELLAR. No; it is not.

Mr. McNARY. That being the answer—and I know it is a correct one—should we not merely take the bill up and then adjourn to Monday, and have the Senator's statement made on Monday, when we are ready to act?

Mr. McKELLAR. I think it would be better to have in the RECORD the figures I am giving, so that Senators may read them tomorrow, and I hope the Senator will permit me to proceed along that line.

Mr. McNARY. I had not intended to interpose an objection; I was merely making a suggestion in the interest of orderly procedure.

Mr. McKELLAR. These figures are so important that I think they should be considered by Senators during the recess between now and Monday, as I understand our leaders intend to let the bill go over.

The next item is for medical and hospital department, \$171,178,000; engineer service of the Army, \$1,226,300,000.

The next is the largest item:

Ordnance service and supplies of the Army, \$13,252,200,000; chemical warfare service, \$288,336,000; seacoast defenses, \$31,769,000; amount, in all, for the War Department, \$23,485,737,900.

Mr. NORRIS. Mr. President, cannot the Senator give us a break-down of that largest item?

Mr. McKELLAR. The details of the item were discussed before the committee, and off the record. What was said in that regard does not appear in the report of the hearings. It was thought better by those in charge of the Ordnance service of the Army not to make the details public at this time.

Mr. NORRIS. I do not find fault with that.

Mr. McKELLAR. The appropriation covers some 278 different items. The officials of the Army made a very full statement but it was off the record.

Mr. NORRIS. Would it violate any confidential information the Senator has if he should give us some idea about the air force of the Army?

Mr. McKELLAR. The air force does not come under this appropriation, except incidentally.

Mr. NORRIS. Are they involved in that item?

Mr. McKELLAR. In the bill there is a very small amount appropriated for that service, so that it is not a matter of importance in connection with this measure.

Mr. NORRIS. Has enough been appropriated for the air force?

Mr. McKELLAR. Oh, yes. I shall come to that a little later, and I think I can give the Senator the information he desires without violating any of the secrets of the Department.

As our report states:

For military reasons, details as to the types and quantities of articles to be secured are withheld. However, it is fair to say that they embrace every type of munition and every type of article for which a soldier has use.

In other words, the plan is very thorough and comprehensive all along the line. The amounts allowed provide for essential and critical items of equipment for a force of approximately 3,600,000 men.

Naturally, it is necessary to appropriate a large sum for expediting production, and that is one of the largest items in the break-down I have just given. It is the second largest item, and amounts to over \$3,000,000,000. From the evidence presented to us it was found to be absolutely necessary to provide these large sums in order to put to work in making Army equipment plants which are now not making such equipment. I am sure the Senate will understand that. Many factories had to be changed from peacetime factories to factories producing war materials. This is all necessary if we are to carry forward the proposal of the Commander in Chief of the Army and Navy. I am glad new plants are being built, and that peacetime plants are being changed into wartime plants for military purposes.

I shall illustrate what our Army is doing. The Senator from Nebraska [Mr. NORRIS] asked for some details with respect to airplanes. At the beginning of the program—and I ask Senators to keep the figures in mind—there were only 14 great concerns engaged in the manufacture of airplanes in the United States. That number has increased to 41, and the number will be further increased as necessities arise. Provision for airplane-manufacturing facilities was made in the fourth supplemental defense appropriation, 1942, which was passed in January last.

The other items are, subsistence for the Army, regular supplies, clothing and equipage, Army transportation, horses, draft, and pack animals, Signal Service of the Army, Air Corps, Army medical and hospital department, engineer service—all items which must be supplied for the ever increasing Army.

For ordnance service and supplies \$13,252,200,000 are appropriated. That is an enormous sum, but it is absolutely necessary, so our experts and Army officers claim, if we are to obtain the necessary big guns, machine guns, small arms, rifles, and ordnance of every kind for the increased Army.

Our program is progressing splendidly, but many of the appropriations in the bill are for the increased Army.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NORRIS. I wish to ask the Senator when these sums will be available.

Mr. McKELLAR. They will be available immediately. The testimony is that all the sums embraced in this appropriation of practically \$33,000,000,000 will be translated into equipment and supplies, guns of every kind, artillery of every kind, small arms, ammunition, whatever is necessary to carry on the war. The testimony is that all the sums provided for in the bill will be translated into actual materials for war during the present year, that is, by the first of January 1943, with one exception, and that exception is that as to some of the very large guns, it will take until about the first of April 1943 to translate the money provided for them into actual guns ready for use.

The Chemical Warfare Service gets a large portion of this appropriation, and it was shown to us that this was necessary.

Our seacoast defenses likewise are of great importance at this time, and are being provided for by \$31,769,000.

I am very happy to state that the witnesses who appeared before the committee advised us that all this enormous sum of money would be expended for the purposes stated, and the production completed, as I stated a while ago, by January 1, 1943, with the exception of some large guns, which will be delivered by April 1, 1943.

Mr. President, the sum of money represented by the bill is tremendous, but if we are to continue the struggle and win this war, which it is absolutely necessary for us to do, and which we are going to do, there is no other way to accomplish that end.

I may add that the committee recommended that the amount for clothing and equipage be increased from \$928,928,000 by the additional sum of \$596,836,000. The additional amount is requested so as to provide basic cloths, duck, webbing, and the like, to meet the needs of the ever-increasing Army.

In addition to the foregoing, the bill contains an appropriation of \$1,502,000,000 cash and \$2,350,000,000 in contract authorizations to build new ships for the Maritime Commission. The new program calls for 1,476 ships, to be built at a total cost of \$3,850,000,000. I stated that the money provided for war supplies would be translated into supplies by January 1, 1943. I should explain that the money for ships will not all be translated into ships by that date, but the ships are being built as rapidly as possible. The total program of ships to be built for the United States Maritime Commission calls for 2,877 ships, with an aggregate net weight tonnage of 30,834,421 tons. These ships are absolutely necessary for our successful war effort. Excellent progress, I can say, is being made in the building of these ships.

LEASE-LEND PROGRAM

The lend-lease program has production figures of the lease-lend organization came estimates of \$5,430,000,000. Representatives before the committee and advised us that

all the \$12,985,000,000 already appropriated for lend-lease purposes has been allocated, that it was necessary to continue this program, and the committee recommends that provision of the bill.

The committee also recommended an increase in connection with lend-lease of \$95,000,000 to furnish depots, which are claimed by Mr. Stettinius to be necessary in order to protect the goods already manufactured and ready for transportation. The committee thought he was correct in that conclusion.

Mr. President, the Army officials who appeared gave our committee, off the record, very clear and convincing statements as to the remarkable production of war materials. They told us that our aircraft production was increasing monthly at an excellent rate. These official reports were most encouraging. So were the reports dealing with ordnance, and the production of other war materials and supplies. In one or two instances production was slightly behind the expected rate, and in some instances production was ahead of the expected rate. The two instances in which they were probably behind were not of the most consequential kind.

Mr. President, it is indeed true that we are spending a vast amount of money. If we consider what we have appropriated since January 5 down to date it will be seen that we have appropriated \$67,000,000,000 in 2 months.

I submit a statement of the appropriations under the various bills that have been passed in January and February of 1942 as follows:

Naval Appropriation Act.....	\$23,738,865,474.00
Fourth supplemental national defense, 1942.....	12,556,672,474.00
First deficiency, 1942.....	163,780,819.77
China relief	500,000,000.00
Fifth supplemental national defense, 1942, as reported to the Senate.....	30,412,737,900.00
Total.....	67,372,056,667.77

Naturally, Mr. President, these tremendous sums are frightening. However, war has been declared against us, and our Army and Navy experts and our Commander in Chief have recommended these expenditures as being proper in order to win the war, and the committee feels that we must uphold them to the last degree.

The committee also feels that we must not take any chances. We are willing to cut down on nondefense appropriations, and we expect to do so, but so far as the military, naval, and Air Corps expenditures are concerned our committee feels that we must follow the recommendations of those in charge of our Army, Navy, and air forces.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. LA FOLLETTE. I have been very much interested in the statement made by the Senator from Tennessee regarding this record-breaking appropriation bill. I should like to ask him if the committee has obtained any figures to show the status of past appropriations which have already been made by the Congress? By that I mean, can the Senator give the figures, for example, for the War De-

partment, showing the total amount of appropriations which it has received, what proportion of the appropriations has been allocated, what proportion has been contracted for, and what proportion has been expended?

Mr. McKELLAR. Mr. President, in answer to the Senator's question I think I will first answer as to the total appropriations for war purposes. The amount up to date, in round figures, is \$142,000,000,000.

Mr. LA FOLLETTE. Does that include contract authorizations?

Mr. McKELLAR. That includes contract authorizations. By January 31, 1942, we had already expended \$16,616,000,000. I need not give other than round figures. From February 1 to June 30, 1942, we will expend \$13,634,000,000. For the fiscal year 1943 the figure is \$52,800,000,000. That makes a total of \$83,000,000,000 in round numbers. For the period subsequent to 1943 the figure is \$58,904,000,000, making a total of approximately \$142,000,000,000. That includes the War Department, the Navy Department, and various other departments.

Mr. LA FOLLETTE. I thought perhaps the figures were broken down; but even if they are not, the over-all figure is of great interest to me.

Mr. McKELLAR. It should be of great interest to us all, because it is an enormous figure. These appropriations are being translated into war materials of every kind and description and into war activities as fast as it is humanly possible to do so. To my mind the figures are very enlightening.

In answer to questions by the committee it developed that, with the exception of a reasonably small portion for heavy guns, it is expected that during the present year the enormous sum of \$33,000,000,000 will be fashioned into implements and services of war. It is quite remarkable that such a program is under way, and that it is felt it can be accomplished.

Mr. NYE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NYE. When the Senator speaks of the present year he means the calendar year, does he not?

Mr. McKELLAR. I am talking about the calendar year. In speaking of materials, I refer to materials largely for the Army. The same thing is true of the lend-lease expenditures provided in the bill, which are more than \$5,000,000,000. All of that is expected to be used during the present calendar year.

For the building of ships by the Maritime Commission, under the direction of Admiral Land, \$3,850,000,000 is carried in the pending bill. Of course, we all know that that cannot all be expended during the present calendar year. Many things might come up to slow down that program; but, in my judgment, Admiral Land is proceeding as rapidly, vigorously, and actively as a man could.

Mr. NYE. Mr. President, will the Senator yield for the purpose of further clarifying the record?

Mr. McKELLAR. I yield.

Mr. NYE. The Senator from Tennessee spoke of the total appropriations for this war as being in the neighborhood of \$142,000,000,000.

Mr. McKELLAR. That is correct.

Mr. NYE. Is it not fair to say that the total appropriations for this war, starting with the fiscal year 1941, has been \$142,000,000,000?

Mr. McKELLAR. In that neighborhood.

Mr. NYE. The total of \$142,000,000,000 traces from the fiscal year 1941, does it not?

Mr. McKELLAR. Of course, the Senator must remember that that figure includes 1943 appropriations, a large amount of which will not be available until July 1, 1943.

Mr. NYE. But the total of \$142,000,000,000 of which the Senator speaks is for appropriations beginning with the fiscal year 1941, is it not?

Mr. McKELLAR. I do not believe I understand the question.

Mr. LA FOLLETTE. The Senator has kindly loaned me his penciled memorandum. It says, "\$142,000,000,000 in round numbers, total appropriations, contracts, and pending estimates for 1941, 1942, and 1943."

Mr. McKELLAR. It includes all three.

Mr. NYE. That was what I wanted to establish.

Mr. LA FOLLETTE. Mr. President, if the Senator from Tennessee has concluded, I should like to say a few words.

Mr. McKELLAR. I have finished, unless some other Senator wishes to ask a question.

Mr. LA FOLLETTE. Mr. President, although this measure is not to be disposed of today, I wish to make a few observations concerning it.

It may be recalled by some of the Senators present that on other occasions when we have had astronomical war or defense appropriation bills under consideration I have indicated that great caution should be observed by the Congress in granting appropriations unless it could be assured that they would be expended within a reasonable length of time. My position is justified on several grounds. The country—and perhaps even the Congress itself—is lulled into a condition which I might describe as complacency by the fact that enormous sums of money have been and are being appropriated constantly for war materials. Mr. President, appropriations will not win this war. The only way in which we can win is by the translation of the appropriations into actual production and the delivery of war materials into the hands of our own forces and the fighting personnel of those who are associated with us in this war on the battle fronts.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. I am very frank to say that when we went into the hearings I had similar views to those which the Senator from Wisconsin has just expressed; but upon going into the details as to what is actually being done I am compelled to believe that our officials are doing everything humanly possible to translate the appropriations into war

materials as rapidly as possible for the purpose of winning the war. I found no evidence indicating that that was not being done. I am sure that if the Senator had been present and had heard every word of the testimony, as I heard it, he would have come to the same conclusion.

I can understand how the Senator feels about the matter, because these are large sums. It was welcome news to me when we were assured that even as to the enormous sum of \$23,000,000,000 for the Army, it was expected to be translated during the present year into materials for winning this war.

Mr. LA FOLLETTE. Mr. President, I hope that nothing I have said will give any indication of an expression of feeling on my part that those responsible for the expenditure of these moneys have not been making a conscientious effort to spend them properly and promptly. The only thing I wish to say is that based upon our experience up to date, so far as it has been revealed to all Members of Congress, there has been much evidence that we have been appropriating money which has not been spent because of the bottlenecks in production. I shall not take the time to do so, but any Senator who will go back and read the last lend-lease report will find that, although Congress had appropriated many billion dollars for lend-lease purposes, only an infinitesimal part of it had been translated into materials which had been exported to Great Britain, the principal beneficiary of our lend-lease policy. I realize that expansion of productive facilities is going on each month. I realize that more and more existing facilities are being converted to war production purposes. Nevertheless, Mr. President, I am not relieved of my apprehension that we are appropriating vast sums of money which we may find to our sorrow have not been expended and translated into war goods as anticipated, although I wish to say that, as the Senator from Tennessee well knows, I have great confidence in his judgment. It is somewhat reassuring to me to have him say that the off-the-record testimony before his committee has allayed his apprehensions in this respect. That is just one phase of it.

The second phase, which has been of grave concern to me, and to which I have heretofore referred, is that in time of war it becomes necessary for the Congress to surrender great segments of power into the hands of the Executive for the prosecution of the war. I recognize that. I do not begrudge the surrender of all the powers which are actually essential to the conduct of the war. However, as one who desires above all else, when this holocaust shall have come to a conclusion, to see the preservation of the democratic process in the United States, I have endeavored to the best of my ability to caution my colleagues about surrendering any more power than is essential to the conduct of the war, or surrendering power in advance of the actual necessity of its exercise by the Executive. There is burned into my memory the difficulty which was encountered, and in some respects the futile efforts of those who,

after the last World War, sought to wipe from the statute books legislation which had conferred power upon the Executive for the conduct of that war.

There is one power which the Congress does not have to surrender, and that is the power over the purse strings. Congress does not have to appropriate more money than is necessary or than would be spent in a reasonable length of time in the future. I desire to say, Mr. President, that it is my firm conviction that Congress has already built up a huge backlog of appropriations sufficient, if Congress were not to appropriate another dollar of money, to run the war for a considerable period of time.

With all that I have said I want to hasten to add that I shall not oppose the pending bill. How could one Senator—especially one not a member of the committee and not having the privilege of hearing the testimony, such as it was, either on or off the record—be in position to offer any specific proposals in relation to such proposed legislation? I think it is clear that there is nothing that such a Senator could do in that respect; and I shall support the bill. But I want at least to have upon the record for my own satisfaction my own apprehension that, in the first place, much of the money we are appropriating will not be translated into materials of war as rapidly as is anticipated; and, in the second place, that Congress is unnecessarily stripping itself of power by the appropriation of these vast sums of money which place the Executive in such a position that it is not necessary to give an accounting to the Congress for some time to come.

In this connection, Mr. President, while I realize that the comparison is perhaps not of too great value, I should like to point out that in the first 2 years of the present war Great Britain paid out \$22,800,000,000 in direct expenditures for war. In addition, the rest of the British Empire and the Dominions contributed about \$4,000,000,000 to the war effort. At the end of the present fiscal year, March 31, 1942, the direct expenditures of all the British Empire and Dominions, excluding our own lend-lease supplies, will have reached perhaps approximately \$35,000,000,000. Mr. President, I am not offering these figures for the purpose of making any invidious comparison, but I am trying to point out that the British Empire has found it possible, since the beginning of actual warfare, to expend only approximately \$35,000,000,000. In the light of that fact, our astronomical appropriations and contract authorizations, which already mount up, since the 1st of July 1940, to more than \$142,000,000,000, should be some indication that we are creating a dangerous backlog of appropriations over which the Congress has no direct future control.

Mr. President, one other thing I should like to point out is that recently—in fact, on February 23, 1942—the Executive announced an agreement which had been entered into between the executive branch of this Government and His Majesty's Government. I desire to read article VII of the agreement:

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on August 12, 1941—

That is the so-called Atlantic Treaty—by the President of the United States of America and the Prime Minister of the United Kingdom.

I am not proposing to take up the agreement for any critical discussion at this time, but I wish to point out in connection with the pending appropriation bill that it seems clear from the agreement and, especially from article VII, that, insofar as the persons who sat down to negotiate and who ultimately signed the agreement are concerned, it is not contemplated, now or in the future, that Great Britain shall make any payment or repayment of any moneys which have been advanced to her in the form of matériel under the lend-lease program. Such moneys will amount to \$18,410,000,000, when we shall have passed the pending bill. According to the committee's report, \$12,985,000,000 has been previously appropriated, and in the pending bill there is provided an additional \$5,425,000,000.

I point out in this connection that in considering the astronomical character of these appropriations we should bear in mind that, so far as \$18,410,000,000 of the \$142,000,000,000 are concerned, the Executive has entered into an agreement which to all intents and purposes provides that the countries receiving the money shall never be called upon to repay those huge sums. This fact causes me, Mr. President, to express the hope that perhaps some day we shall be able to negotiate an instrument which will be as generous to the present generation and to the oncoming generations in the United States of America as the Executive is proposing to be generous to the beneficiaries under the lend-lease program. If the British empire can never repay the gigantic sums which have been advanced to her under the lend-lease program, how can we expect to fry even greater sums out of the hides of this and future generations in the United States of America?

I know that statistical examples are not too helpful; but we have gotten so far up in the stratosphere of appropriations that, so far as I am concerned, my hermetically-sealed mathematical airplane has begun to leak, and I have the

"bends," so far as these sums of money are concerned. Just now I had someone figure out for me a few little comparisons regarding the sum of \$150,000,000,000. I thought I should use that figure because I was afraid that the Appropriations Committee or some Senator on the floor of the Senate would lift the \$142,000,000,000 to \$150,000,000,000 before I could have the calculations made. If the sum of \$150,000,000,000 were in \$100 bills, and if it were counted at the rate of one per second, and if the process of counting were continuous it would take 47½ years to count the \$150,000,000,000. If \$150,000,000,000 in \$1 bills were laid end to end it would make approximately 60 rows of \$1 bills between the earth and the moon. If the \$150,000,000,000 were put into the form of \$20 bills a 45-foot highway between New York and San Francisco could be paved with the bills.

Mr. President, the sooner we find out that we cannot defeat our brutal and tough enemies with anything except superior firepower and superior concentration of forces, the better off it will be for the people of the United States and those with whom we are associated in the war. Paper appropriations will not win the war; speeches will not win the war; radio propaganda will not win the war.

I shall support the bill, and I suppose I shall support other bills which may come along. I am in the situation where I cannot refuse my consent when the executive branch of the Government responsible for the expenditures asks for them, even though I am not privileged to read the testimony because most of it is off the record. Nevertheless, Mr. President, I want to urge again upon the committees of Congress, and especially those of the Senate that are concerned with these matters, that they insist upon having from the responsible officials to whom these astronomical sums of money have been provided monthly reports as to how they are translating the appropriations into actual matériel of war. I urge that no future appropriations be granted until the sums previously provided by Congress be broken down so as to show, insofar as secret military information is not disclosed, an itemized listing of backlogs of unexpended appropriations, including amounts allocated by purpose but not contracted for production, and amounts allocated and contracted but not in the process of production because of backlogs in orders.

Let us not be lulled into complacency by the fact that we have exceeded the record of all governments in the written history of the world in appropriating money for war purposes.

JAPANESE IN THE UNITED STATES

Mr. STEWART. Mr. President, I wish to speak for a few minutes on an entirely different subject than the one now pending. I understand that the appropriation bill is not to be proceeded with further today?

Mr. BARKLEY. That is correct; yes.

Mr. STEWART. Mr. President, I think the time has arrived when we should deal sternly with the Japanese in this country. If we do not, we may come to grief. I have, therefore, introduced a

bill which has for its purposes the incarceration of all Japanese in the United States and its Territories.

There are within this country, especially in the States on the west coast and in some of our island possessions such as Hawaii, many thousands of Japanese who were born on American soil, and for that reason, under the first clause of the fourteenth amendment of the Constitution of the United States, claim citizenship. The first clause of the fourteenth amendment provides that all persons born in the United States are citizens of the United States, provided they are subject to the jurisdiction thereof.

It is my belief that Japanese born on American soil should not be allowed citizenship within the meaning of the fourteenth amendment, because they are not "subject to the jurisdiction" in the sense that the amendment intends. Their parents could not have become naturalized under the laws of the United States, and it seems absurd to claim that those whose parents could not themselves become naturalized should become citizens by the mere accident of birth on American soil. Furthermore, under the Japanese law, every person whose father is Japanese is a subject of the Emperor and a citizen of Japan. We have, therefore, the question of dual citizenship to contend with if we permit American citizenship by reason of birth on American soil.

America is at war and will have to fight to the bitter end. The Japanese are among our worst enemies. They are cowardly and immoral. They are different from Americans in every conceivable way, and no Japanese who ever lived anywhere should have a right to claim American citizenship. A Jap is a Jap anywhere you find him, and his taking the oath of allegiance to this country would not help, even if he should be permitted to do so. They do not believe in God and have no respect for an oath. They have been plotting for years against the Americas and their democracies.

It is my belief that one Jap at large in this country or its possessions is a threat to the defense program of America.

I introduced the bill to which I have referred last Thursday, February 19, and on Saturday morning thereafter I was delighted to read in the newspapers that the President of the United States had issued an Executive order giving full wartime authority to remove any and all persons, even American citizens, from any area he might wish. We are given to understand that this action is aimed principally at the Japanese. This is a wise step. Many Japs live near our oil-reserve properties, naval bases, and factories which manufacture defense materials.

My bill, which is S. 2293, directs the Secretary of War to take into custody and restrain, to the extent by him deemed necessary in the interest of national defense, any person who is considered by the laws of any foreign power with whom we are at war to be a citizen of such nation and is of a race or nationality ineligible to naturalization in the United States. The bill, therefore, is directed at the Japanese and raises directly the

question of its constitutionality under the fourteenth amendment of the Constitution and, specifically, the first clause thereof which provides:

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside.

As is known by most lawyers, the Supreme Court of the United States, by a divided Court, has held that a child born in the United States of parents of Chinese descent, who at the time of his birth are Chinese subjects but have a permanent domicile and residence in the United States and are carrying on a business and not employed in any diplomatic or official capacity for the Chinese Government, becomes at the time of his birth a citizen of the United States under the first clause of the fourteenth amendment of the Constitution.

The case to which I refer is styled *United States against Wong Kim Ark*, and is reported in volume 169, *United States Reports*, page 649 et seq. It involves a young Chinese boy who was born in California, who returned to China for a temporary visit with intention of returning to the United States and who did return to the United States but was refused admission by the collector of customs, whereupon habeas corpus was sued out. This was in 1897, 45 years ago. The Supreme Court turned to the common law and its principles and history, and interpreted the first clause of the fourteenth amendment in that light.

The case is quite interesting in view of present-day developments. The opinion of the majority was written by Mr. Justice Gray. There was a dissenting opinion written by the then Chief Justice, Mr. Fuller, and concurred in by Justice Harlan. Justice McKenna, who had just come to the bench, did not participate—thus a six-judge opinion became the law.

The majority opinion, in interpreting the exclusion clause of the fourteenth amendment—that is, “subject to the jurisdiction thereof”—held it to mean only those born of alien enemies in hostile occupation and children of diplomatic representatives of a foreign state. This is a narrow construction, and one that should not obtain. As I have already stated, a Jap born on our soil is a subject of Japan under Japanese law; therefore, he owes allegiance to Japan, and, so owing allegiance to Japan, certainly he is not “subject to the jurisdiction” of the United States under a proper construction and in the light of modern beliefs.

I should like to quote briefly from the dissenting opinion in the *Wong Kim Ark* case. I think the reasoning there is much sounder than in the majority opinion and ought to be the law. At the beginning of the opinion, the Chief Justice states:

I cannot concur in the opinion and judgment of the court in this case.

The proposition is that a child born in this country of parents who were not citizens of the United States, and under the laws of their own country and of the United States could not become such—as was the fact from the beginning of the Government in respect of the class of aliens to which the parents in this instance belonged—is, from the moment of his birth a citizen of the United States,

by virtue of the first clause of the fourteenth amendment, any act of Congress to the contrary notwithstanding.

The argument is, that although the Constitution prior to that amendment nowhere attempted to define the words “citizens of the United States” and “natural-born citizens” as used therein, yet that it must be interpreted in the light of the English common law rule which made the place of birth the criterion of nationality; that that rule was in force in all the English colonies upon this continent down to the time of the Declaration of Independence, and in the United States afterwards, and continued to prevail under the Constitution as originally established; and that before the enactment of the Civil Rights Act of 1866 and the adoption of the constitutional amendment, all white persons, at least, born within the sovereignty of the United States, whether children of citizens or of foreigners, excepting only children of ambassadors or public ministers of a foreign government, were native-born citizens of the United States.

Thus the fourteenth amendment is held to be merely declaratory except that it brings all persons, irrespective of color, within the scope of the alleged rule, and puts that rule beyond the control of the legislative power.

If the conclusion of the majority opinion is correct, then the children of citizens of the United States, who have been born abroad since July 28, 1868, when the amendment was declared ratified, were, and are, aliens, unless they have, or shall on attaining majority become citizens by naturalization in the United States; and no statutory provision to the contrary is of any force or effect. And children who are aliens by descent, but born on our soil, are exempted from the exercise of the power to exclude or to expel aliens, or any class of aliens, so often maintained by this court, an exemption apparently disregarded by the acts in respect of the exclusion of persons of Chinese descent.

The soundness of the dissenting opinion is repeatedly shown. Applying it, or at least parts of it, to conditions of today, it seems almost prophetic. Discussing the application of common-law principles in construing the first clause of the fourteenth amendment and as a reply to the majority opinion, I quote from the dissent:

Obviously, where the Constitution deals with common-law rights and uses common-law phraseology, its language should be read in the light of the common law; but when the question arises as to what constitutes citizenship of the Nation, involving as it does international relations, and political as contradistinguished from civil status, international principles must be considered, and, unless the municipal law of England appears to have been affirmatively accepted, it cannot be allowed to control in the matter of construction.

Nationality is essentially a political idea, and belongs to the sphere of public law. Hence Mr. Justice Story, in *Shanks v. Dupont* (3 Pet. 242, 248), said that the incapacities of femes covert, at common law, “do not reach their political rights, nor prevent their acquiring or losing a national character. Those political rights do not stand upon the mere doctrines of municipal law, applicable to ordinary transactions, but stand upon the more general principles of the law of nations.”

Twiss, in his work on the Law of Nations, says that—

Natural allegiance, or the obligation of perpetual obedience to the government of a country, wherein a man may happen to have been born, which he cannot forfeit, or cancel, or vary by any change of time, or place, or circumstance in the law of nations, as it is in

direct conflict with the incontestable rule of that law (vol. 1, p. 231).

The dissenting opinion goes on to discuss the matter of natural-born citizens and points out that society cannot exist and perpetuate itself otherwise than by the children of the citizens. Here quoting from Vattel:

Before the revolution, the views of the publicists had been thus put by Vattel: “The natives, or natural-born citizens, are those born in the country, of parents who are citizens. As the society cannot exist and perpetuate itself otherwise than by the children of the citizens, those children naturally follow the condition of their fathers, and succeed to all their rights. The society is supposed to desire this, in consequence of what it owes to its own preservation; and it is presumed, as matter of course, that each citizen, on entering into society, reserves to his children the right of becoming members of it. The country of the fathers is therefore that of the children; and these become true citizens merely by their tacit consent. We shall soon see whether, on their coming to the years of discretion, they may renounce their right, and what they owe to the society in which they were born. I say that, in order to be of the country, it is necessary that a person be born of a father who is a citizen; for, if he is born thereof a foreigner, it will be only the place of his birth, and not his country” (book I, ch. 19, No. 212). “The true bond which connects the child with the body politic is not the matter of an inanimate piece of land, but the moral relations of his parentage. The place of birth produces no change in the rule that children follow the condition of their fathers, for it is not naturally the place of birth that gives rights, but extraction.

To the same effect are the modern writers, as, for instance, Bar, who says:

To what nation a person belongs is by the laws of all nations closely dependent on descent; it is almost a universal rule that the citizen of the parents determines it—that of the father where children are lawful, and where they are bastards that of their mother, without regard to the place of their birth; and that must necessarily be recognized as the correct canon, since nationality is in its essence dependent on descent” (International Law, No. 31).

Good sense, patriotism, public policy, even self-preservation demand that all persons who become citizens of the United States should first sever the ties, whatever they might be, that bind them to any other nation. Certainly the Japanese law which provides that all Japs are the Emperor's subjects is a tie to all Japanese.

Concluding the dissenting opinion, Chief Justice Fuller states:

It is not to be admitted that the children of persons so situated become citizens by the accident of birth. On the contrary, I am of opinion that the President and Senate by treaty, and the Congress by naturalization, have the power, notwithstanding the fourteenth amendment, to prescribe that all persons of a particular race, or their children, cannot become citizens, and that it results that the consent to allow such persons to come into and reside within our geographical limits does not carry with it the imposition of citizenship upon children born to them while in this country under such consent, in spite of treaty and statute.

In other words, the fourteenth amendment does not exclude from citizenship by birth children born in the United States of parents permanently located therein and who might themselves become citizens; nor, on the other hand, does it arbitrarily make citizens of

children born in the United States of parents who, according to the will of their native government and of this Government, are and must remain aliens.

I am calling attention to this Wong Kim Ark case because it ought to be reversed or overruled. It is not good, sound law, and never was. No country should so fetter itself by laws that it cannot prosper and grow and be under the complete control of its actual, bona fide citizens who love it and cherish its institutions, and such full and complete control should be demanded and retained by them.

The presence of Japanese in America is inimical to the interests of the people. We should oust them from our land, and now is the opportune time. They do not share the views of Americans; our social, political, and religious views are as different and as far apart as is the East from the West. In fact, this is a case of "never the twain shall meet." Their customs are not our customs, and ours can never be theirs. They retain allegiance to Japan, and we must deal with them accordingly.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Tennessee yield?

Mr. STEWART. I yield.

Mr. JOHNSON of Colorado. In his discussion of the Japanese situation, which is very informative from a legal point of view, the Senator made reference to the President's order or proclamation giving the Army control of citizens who it is thought are dangerous when at large.

Mr. STEWART. Those residing in certain strategic areas; yes.

Mr. JOHNSON of Colorado. I presume the Senator has made a study of the order, and I wish to ask him a question. Many of the farmers in Colorado, Wyoming, and other States interested in the culture of sugar beets, have been greatly disturbed lately by reports that the Japanese were to be brought from California and used as laborers in beet culture. Does the Senator understand that there is any possible broad application of the President's order which would permit such a thing as that?

Mr. STEWART. I have not made a careful study of the order. It was issued last Saturday, as I recall, and that was the first information I had about it. I have seen the order, and, as I understand, it merely empowers the War Department, or specifically designates one of the generals, whose name I forget, to seize or take into custody all persons, including American citizens, whom he thinks should be taken into custody, and who live in certain prescribed areas, that is, areas close to plants manufacturing defense material, close to oil fields, airports, and other areas which have been or might be declared by the President to be important from a military or production standpoint. I presume that if they are seized they will merely be held, perhaps incarcerated. I do not know of any reason why they should be taken into the Senator's beet producing section, and allowed to interfere in any way with the operation of growing beets in Colorado.

Mr. JOHNSON of Colorado. I share the Senator's opinion, that that would

be unwarranted, and, as I understand, it would conflict with the provision against involuntary servitude. Even if the Japanese were willing to serve in such a capacity, certainly their services could not be forced upon the farmers in the areas referred to. It seemed to me to be a silly interpretation of the order, but our newspapers, and the people in the western States, are much disturbed over the likelihood of some such arrangement being made.

Mr. STEWART. I have no information that such a thing is contemplated.

FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6511) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

Mr. DANAHER. Mr. President, in the course of his very able address a few minutes since the Senator from Wisconsin [Mr. LA FOLLETTE] was dwelling upon the extent to which the appropriations we are making seem to antedate their possible expenditure. I should like very much to call the attention of the Senator from Wisconsin to a colloquy which occurred in the course of the House hearings. It must become apparent to all of us, especially those who are not on the Committee on Appropriations, that we cannot know the extent of the multiplicity of details covering the expenditure of these vast sums. We necessarily must depend, so far as we can, upon the hearings available to us. All too often in the course of the hearings, just when, in our study, we reach a most important point, something which we should like to know most about, we find in parentheses the expression, "Then followed a discussion off the record," and we still do not know what the answer may be.

With his consent, if the Senator will be so kind, I should like to call to the attention of the Senator from Wisconsin a colloquy appearing at pages 188 and 189 of the House hearings, when Mr. STETTINIUS was testifying. Representative WIGGLESWORTH was questioning him:

Mr. WIGGLESWORTH. You have had \$12,985,000,000, and you are now asking for \$5,430,000,000. In order to get the total picture, there should be added whatever may come to you under the military title of the bill and the Maritime Commission part of it?

Mr. STETTINIUS. Not in funds—in items of material, but not in funds.

Mr. WIGGLESWORTH. How much of the \$12,985,000,000 have you allocated?

Mr. STETTINIUS. \$12,225,000,000.

Mr. WIGGLESWORTH. As of what date?

Mr. STETTINIUS. As of the 12th. Today is the 13th.

Mr. WIGGLESWORTH. As of February 12?

Mr. STETTINIUS. As of February 12. Of the total appropriation of \$12,985,000,000, \$12,225,000,000 has been allocated.

Mr. WIGGLESWORTH. What are the obligations?

Mr. STETTINIUS. The obligations are \$7,925,000,000 as of February 8.

Mr. WIGGLESWORTH. How much of that has been expended?

Note the answer, Mr. President.

Mr. STETTINIUS. The expenditures, as of January 31, were \$1,811,000,000.

Has the Senator from Wisconsin had a

chance to perceive the comparatively small ratio of disbursements and expenditures in relation to the enormous requested appropriations?

Mr. LA FOLLETTE. Mr. President, the Senator from Connecticut has pointed out an important example of just what I was discussing, and it was my hope that the Committee on Appropriations would procure figures as to the total war and defense appropriations which would be comparable to those which the Senator from Connecticut has furnished from the House hearings, because, first, these moneys are allocated, then they are obligated, then they are contracted for, and finally the stage of expenditure is reached. All these appropriations, as I understand, go into the hopper, so to speak, then they go through these various stages. Until we know how much of the backlog has been expended, we have not any very definite understanding of what the total backlog amounts to, because, for instance, once the funds are allocated, that does not necessarily mean that the allocation is going to be followed, for it can be shifted around later on.

Let me point out that when this bill shall have been passed, there will have been appropriated for lend-lease specifically \$18,410,000,000, and, taking the figure which Mr. Stettinius gave to the House committee, as the Senator from Connecticut has just read it, which is \$1,811,000,000 in round numbers, that leaves \$16,599,000,000 unexpended out of the total lend-lease appropriations, including that provided for in the pending bill.

I hope that when we are called upon to consider the next one of these bills, which will probably be in a few days, the Committee on Appropriations will procure for us the figures, so that we can tell more definitely how much of this is backlog and how much of it has been expended.

Mr. DANAHER. I thank the Senator from Wisconsin for his comment and his view on this important matter.

There is another observation which it seems to me should be made, namely, that upon the Executive rests, after all, the responsibility for actual disbursement. When we are building this enormous backlog, and we have appropriated, let us say, a year or a year and a half hence for the estimated needs, at a time when we have actually expended only some 10 percent of the total appropriated for lend-lease alone, we are putting beyond the control of the Congress itself the actual disbursement of the funds appropriated. To show to what extent the situation can be carried, let me recall that it is only a matter of a few weeks since we appropriated funds for the highway plan. Yet this morning's Washington Post opens an article on the front page with this paragraph:

President Roosevelt has frozen for the duration of the war projected outlay of about \$500,000,000 in Federal funds for construction of highways, a secret order to the Federal Works Administrator revealed yesterday.

Mr. Roosevelt instructed the Administrator to restrict approval of projects to those essential to national defense in order to release materials and manpower for the war effort.

Only \$38,000,000 has been provided for highway construction in the coming fiscal year in contrast to the big outlays running from \$150,000,000 up to \$350,000,000 a year in the past few years.

Granting that we made these appropriations in furtherance of the war effort, as we are led to believe through the witnesses, if, Mr. President, they are thereafter subject to Executive order, if in fact expenditures can be suspended, and, to carry the case to a possible extreme, assuming that in the November elections the House of Representatives should change its complexion, and assuming that in response to the sentiment of the public there should be some change of the viewpoint of those in the House as to exactly what should be done in this, it should be remembered that the Congress in these acts at this time is passing completely out of our hands and into the hands of the Executive control over the future of the country, and the course of the conduct of the war, and the future of the expenditures we thus appropriate.

Mr. President, the Senator from Wisconsin has rightly stated, it seems to me, that a note of caution should be injected into our thinking along these lines. I believe that as these measures come along we should be given more detail. We cannot dodge our responsibility in this situation, expecting that in the future all the funds will be expended in exactly the way we hope they will be spent.

Mr. BONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. DANAHER. I yield.

Mr. BONE. I did not care to ask a question. I simply rose to make a few remarks about the report.

Mr. BARKLEY. Mr. President, I may suggest to Senators that the bill is going over. It is not going to be passed on today. We desire to take up the calendar and dispose of it, and these matters might well be discussed when the bill is again taken up. I do not want to shut off the Senator from Connecticut.

Mr. DANAHER. I know, Mr. President, that the Senator from Kentucky has no desire to shut off the Senator from Connecticut. I am certain of that.

Mr. BARKLEY. I not only have no desire to do it, but I realize the impossibility of doing it.

Mr. DANAHER. The Senator knows quite well, of course, that he would listen to more wisdom during the remainder of the afternoon than he had expected to listen to, but I do not want to go into a thing of that kind with him. I know very well that when the Senator from Kentucky says he does not want to shut off the Senator from Connecticut, but would like to take up the calendar, that what he really means is that he would like to shut off the Senator from Connecticut so that the Senate may take up the calendar.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. McKELLAR. I was interested in the statement the Senator just made about these appropriations. We had a

tremendous amount of testimony before our committee. Witnesses from the departments interested, and others, including the Assistant Secretary of War, who is a very excellent man in every respect, and seems to know his business thoroughly, appeared before the committee. I am quite convinced that if the Senator from Connecticut, with his keen and penetrating mind, with his ability, sagacity, and industry, and every other attribute he possesses—and they are many and splendid, and I take off my hat to him—had been in attendance at the meetings of the committee, he would feel, as I do, that the amount of appropriations asked for at this time is necessary to carry on the war as the Senator would like it to be carried on, and as I would like it to be carried on, and as we all would like it to be carried on. The witnesses who appeared before the committee seemed to be much in earnest, and as sincere and truthful a lot of men as I have interviewed in a long time. I am quite sure that had the Senator from Connecticut been a member of the committee he would feel as I do, that it is necessary to appropriate this money in order that our war effort may succeed, as I know the Senator wants it to succeed, and as I want it to succeed, and as we all want it to succeed.

Mr. DANAHER. Mr. President, will the Senator from Tennessee please tell us upon which part of the proceedings we should place the greater reliance, that which appears in the Senate report, or that which was off the record and which the Senator asks us to accept.

Mr. McKELLAR. Upon both, of course.

Mr. DANAHER. The Senator would not ask that we place greater reliance upon that part which was off the record?

Mr. McKELLAR. No. I ask that reliance be placed upon both. If the Senator finds something in the printed record which he thinks is not correct, then he is absolutely right in criticizing it. There is no objection to criticism, anyway. That is the only way we can bring out the facts. I am always glad to have any act of mine criticized. I know what I am doing when other men criticize my action and tell me what is wrong with it. I am always perfectly willing to be subjected to criticism, and I am glad to have the Senator's views about the bill.

Mr. DANAHER. Mr. President, I have always found the Senator from Tennessee to be cooperative, and I thank him for his cordial offer of continued cooperation. I respectfully submit that a reading of pages 1 to 48, which comprise the entire record of the hearing, will show no justification in detail for the expenditure of another dollar. If we were to rest on that record, Mr. President, there is nothing upon which we could base our judgment. I agree that there was much off the record which, had we the benefit of knowing it, might alter our receptivity. If it were not for the fact that I repose in the Senator from Tennessee that degree of confidence in his honesty and integrity to which I know him to be entitled, and which he would wish us to extend to him, I might feel otherwise than I do about the bill. As it is, Mr. President, I, too,

will support the measure, relying upon the Senator from Tennessee and others. I believe, however, that as time goes on we may with more critical examination give more careful attention and inspection to the need for the funds as the requests are presented to us.

Mr. TAFT. Mr. President, will the Senator yield so that I may ask the Senator in charge of the bill a question?

Mr. DANAHER. I yield.

Mr. TAFT. I did not quite understand the answer given to the question raised by the Senator from Wisconsin [Mr. LA FOLLETTE]. It is said that with what we are now appropriating, the total of the expenditures will be \$142,000,000,000. In the fiscal year just ending we will spend, so far as I can judge, about \$22,000,000,000 for defense purposes. It is the President's estimate that in the next fiscal year we will spend \$53,000,000,000 for defense purposes. It is perhaps doubtful if we can spend that much money in that time.

Assuming that we shall spend another \$53,000,000,000 in the fiscal year ending June 30, 1944, even all added together will not be \$142,000,000,000. It will be \$106,000,000,000, plus \$22,000,000,000, which is \$128,000,000,000, and yet the Senator says we are now appropriating the one hundred and forty-second billion dollars, and we have not yet taken up the regular appropriation bills for the Army and the Navy for the fiscal year 1943. So, I do not quite understand why we are not appropriating money now for the next 3 years, practically through the fiscal year 1945, instead of through the fiscal year 1943. I am willing to take the Senator's word for the fact that this expenditure is necessary, but I do not see how the figures can be reconciled with the actual expenditures which we can reasonably hope to make, even if we use 55 or 60 percent of the productive capacity of the country.

Mr. McKELLAR. I will say to the Senator that I have sent for the memoranda I used in explaining the bill. When one is dealing with figures he wants to have the figures before him. They will be here in a moment and I will give the Senator the figures.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. OVERTON. I think the Senator fell into an inadvertent error in stating that the regular annual department appropriation bills for 1943 had not been enacted. One has been enacted.

Mr. TAFT. The Navy Department bill has been enacted.

Mr. OVERTON. Yes.

Mr. TAFT. But not the Regular Army appropriation bill for the fiscal year 1943, and, of course, there will be another bill for the fiscal year 1944, so all that has to be added, but taking into account all those figures, I do not see how it is possible to spend \$142,000,000,000, on any basis that I can judge of, in the time specified.

Mr. McKELLAR. My recollection is that there is a provision in the Constitution that funds which are not expended must go back into the Treasury. So money appropriated, but not expend-

ed, will go back into the Treasury after the year 1943.

The Senator asked me a question. I shall give the break-down in a general way. One hundred and forty-two billion dollars has been appropriated up to date. Sixteen billion six hundred and sixteen million dollars has been expended up to January 1942. Between now and June of this year we shall expend \$13,684,000,000 more.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. I do not want to question the Senator's figures, but it seems to me that that is far beyond anything we can hope to spend in 3 or 4 months.

Mr. McKELLAR. I will give the Senator the figures as they were given to me.

Mr. TAFT. The figures are far beyond the Budget estimate of the 1st of January.

Mr. McKELLAR. The amount given by the Bureau of the Budget at this time is \$13,684,000,000 to be expended from February 1 to June 30, which is 5 months in 1942. For the fiscal year 1943 the amount to be expended is \$52,800,000,000. For the period subsequent to 1943 contracts will be made, but the goods will not be translated into war materials this year. The amount is \$58,904,000,000. That is the entire amount for every department.

The Army and Navy have been supplied with enormous sums of money for their materials. As I told the Senator, these are stupendous sums. They frighten me; they frighten the Senator; they frighten all of us; but in order to win this war we must follow what our military and naval authorities have recommended, because we are not experts or authorities. They certainly have made a splendid case so far as our committee is concerned. The Senator can verify that statement from any member of the committee, whether on the Democratic side or the Republican side. I think the whole committee agrees that they are making the best possible use of the money.

We cannot make war materials and munitions of war merely by making contracts. Enormous sums must be spent for tools to make guns of every kind, from heavy cannon on down. We are spending an enormous amount for tanks. We are spending great sums for aircraft. I was very happy to find that the aircraft production is rapidly increasing; and while I am not permitted to give the figures, it seems to me that it is in splendid condition. To be perfectly frank, that subject interested me probably more than anything else, because I think this war is to be won very largely by aircraft. It is tremendously encouraging to me to know that our aircraft production is proceeding in the accelerated way in which it is progressing.

Mr. DANAHER. Mr. President, I invite the attention of Senators who have not had an opportunity to read the Senate hearings to one or two matters in that connection.

On page 3, General Moore was testifying:

General MOORE. I have given a brief outline of the equipment program and shall be glad to answer any questions regarding it. Other War Department witnesses will give you any details of the estimates which you desire. I have a break-down, for the information of the committee, of these estimates.

(A discussion followed, off the record.)

On page 4, General Moore was still testifying:

I would say we would better go off the record.

Senator McKELLAR. Yes.

(A discussion followed, off the record.)

On page 7, General Arnold was discussing the matter of the Air Corps articles to be procured.

(A discussion followed, off the record.)

On page 8:

Senator THOMAS. Before we conclude, I want to go into the question of the production of high-test gasoline.

(A discussion followed, off the record.)

Mr. McKELLAR and Mr. HAYDEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Connecticut yield; and, if so, to whom?

Mr. DANAHER. Just a moment.

On page 8, further:

Senator McKELLAR. * * * We know we have to make these contributions to the manufacturers in order to make ready, and what we are interested in now is for them to get ready as quickly as possible.

(A discussion followed, off the record.)

On page 8:

Senator O'MAHONEY. * * * In other words, are we producing the ordnance equipment rapidly enough for the contemplated Army?

(A discussion followed, off the record.)

I shall not go on. I merely wish to point out that in our attempted analysis of the needs for these appropriations those of us who are not on the committee are most certainly at a disadvantage. We simply do not have the facts. I agree that they should not be made public; I agree that they should not be broadcast all over the world, or even to our citizens—certainly not to the enemy, or any possible enemy—but when the Senate itself does not have the facts it must be agreed that the record is barren of fact or incident to justify these enormous sums, except as we repose trust and confidence in the distinguished Senator from Tennessee, who is entitled to such trust and confidence, and to whom I now yield.

Mr. McKELLAR. Mr. President, there are 48 printed pages of hearings. General Moore, to whom the Senator first referred, testified to an extent which I have no doubt would have covered more than 48 pages. He was before the committee on two separate days. He was a most enlightened and enlightening witness. He was frank in giving his testimony. I have no doubt that on the 2 or 3 days he was before the committee he testified to a greater extent than the volume represented by the printed hearings. The same thing is true of General Arnold. I think those two men were the highest officials we had before us, with the ex-

ception of Assistant Secretary of War Patterson, who is a very fine man and who knows his subject. He is in charge of production. I am sure that each of those three gentlemen testified to an extent greater than 48 pages.

After the testimony of those men and officers under them who had the facts concerning each and every item in the bill, the committee was convinced that the bill was proper.

What struck me with a great deal of force was the possibility of expending a huge sum like \$33,000,000,000 at any time; but when they told me that during the present calendar year they expected to spend practically all of the Army appropriation; that much of the appropriation for the Maritime Commission would be spent; and that all the lend-lease appropriation would be spent, it put a very different phase on the matter.

Of course, we all realize that the amount proposed to be appropriated is an enormous sum. The mere statement of it in billions makes it enormous; but it seems to me that it is necessary to spend it in order to win the war, and that we ought to appropriate it.

Mr. BONE. Mr. President, as a part of my remarks I should like to have printed in the body of the RECORD a very brief statement by Mr. Edward Stettinius, which appears on pages 3 and 4 of the committee's report on the pending bill. I ask that that be done because I have had many inquiries as to the scope and extent of the lease-lend operations now being conducted by the Government. I find many persons not well advised concerning the extent and scope of those operations. They know that vast sums are being spent but, unfortunately, citizens generally do not have access to committee reports or hearings before committees, and as a consequence have only a very vague idea as to what is going on. The statement of Mr. Stettinius is brief, and will serve to enlighten those who care to read it. It will be more interesting in history, because it is given to us as a part of the greatest financial operation in all human history; for, unless I am gravely mistaken, this bill is the greatest single financial operation in human history. I doubt if there has been anything in the history of the world which transcends it in amount or in the seriousness of the object which it seeks to attain.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The major point of overriding importance to us as Americans—a point that I want to make unmistakably clear—is that this is a World War that stretches across every ocean and every continent. Every man fighting the Axis wherever he may be—in the central part of China, or the island of Java, in New Britain, at Rangoon, in the Leningrad area, or the Crimea, in Libya or Iran—any man who is manning the guns of ships of the sea and the controls of ships of the air are integral parts of our forces. The lend-lease program is our mechanism for making available the supplies necessary to strengthen these nations, to serve them as though they were our own, to serve our own as well, and thus to blind to-

gether into a united whole all the free peoples of the world—fighting or not—who are resisting Axis aggression.

Australia, New Zealand, the Dutch East Indies, China, India, and Burma are America's front line in the Pacific, sustained in part by lend-lease aid. In the next 10 months the Lend-Lease Administration hopes to provide tremendous impetus to the production abroad of military weapons and to the general preparedness of these Allies. Trucks, road-building machinery, locomotives, tracks, ties, and so forth, will put their transportation facilities in fighting shape. Radios, receiving sets and sending stations, telephones, and wire and electrical equipment will bolster their communication system for the war effort. Raw materials, tools, generators, machine oil, and countless other types of supplies and equipment will expand their own production of military weapons.

Here are a few examples of what this type of aid can do:

Australia, in spite of sending over a half million men into her armed forces out of a total population of some 7,000,000 people, has her own plane- and tank- and gun-building program. Our studies, made together with the Australians, revealed that if we provided certain processed steel and a relatively small number of tools and some component parts and other supplies, Australia's output of planes and tanks and guns would be tremendously stepped up at practically no expense to our own.

Similarly, lend-lease can make a contribution toward solving shortages in critical materials, such as rubber. We find that by supplying such items as sulfur and tire molds to tire factories in India, Australia, and South Africa we can appreciably increase the tire output of these factories using their own supplies of raw rubber. We can thus reduce the number of tires which would otherwise be allocated from the United States. The results are an increase in total Allied production of war matériel, a tremendous saving in shipping space and time-consuming transportation so vital to the united war effort.

Lend-lease activities have and continue to assist our armed forces all over the world. The air ferrying service across the Atlantic to the Middle East, created last summer and operated with lend-lease funds, has now been extended so that the bombers for our fighting forces, as well as those of our Allies, can be flown by that route to the fighting areas of the southern Pacific. Lend-lease aid to the Free French and Free Belgians contributes to the protection of this route across Africa. Bases in Scotland and Northern Ireland, built with lend-lease funds, are now available for our troops in that part of the world.

Then there is lend lease in reverse. Lend lease is and can be a two-way thing: We cannot only make available our supplies to the Allied Nations but the Allied Nations can make their supplies available to us in the same manner. Thus there is a method available for each of these nations to contribute supplies for the common effort to the fullest measure of their capabilities. There is also another focal point for further cementing the relationships of our Allies so that their manpower, their hearts, and all their resources can be most effectively joined to the end of defeating the Axis Powers.

In this spirit some of the lend-lease countries have freely offered us supplies, and others have initiated conversations with us looking to lend leasing supplies to us. Thus, for example, we have been supplied without payment through lend lease in reverse with anti-aircraft guns and ammunition for vital needs. We have been graciously offered the complete equipment for a gun factory. We, of course, welcome this spirit and fact of reciprocal aid in the common cause.

The Lend Lease Act thus provides the method for the full and efficient exchange

and utilization of the total war material of our Allies and ourselves in the interest of prosecuting the war. Using this procedure to the fullest extent possible should result in invaluable conservation of shipping space and the most effective use of the other resources of the Allied Nations in prosecuting the war.

CONSIDERATION OF MEASURES ON THE CALENDAR

Mr. BARKLEY. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of measures on the calendar to which there is no objection, beginning with Calendar No. 1093, where we left off on the 13th of February.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	O'Daniel
Austin	Gillette	O'Mahoney
Bailey	Glass	Overton
Ball	Green	Radcliffe
Bankhead	Guffey	Reed
Barbour	Gurney	Reynolds
Barkley	Hayden	Rosier
Bilbo	Herring	Russell
Bone	Hill	Schwartz
Brewster	Holman	Shipstead
Brown	Hughes	Smathers
Bulow	Johnson, Calif.	Stewart
Bunker	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Byrd	La Follette	Thomas, Okla.
Capper	Langer	Thomas, Utah
Caraway	McCarran	Tobey
Chavez	McKellar	Truman
Clark, Idaho	McNary	Tunnell
Clark, Mo.	Maloney	Tydings
Connally	Maybank	Van Nuys
Danaher	Mead	Walsh
Davis	Millikin	Wheeler
Downey	Murray	White
Doxey	Norris	Wiley
Ellender	Nye	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present.

The clerk will proceed to state the first business on the calendar, beginning with calendar 1093, under the unanimous consent agreement.

J. G. FOX

The bill (H. R. 3032) for the relief of J. G. Fox was considered, ordered to a third reading, read the third time, and passed.

JOHN E. NEWMAN

The bill (H. R. 3697) for the relief of John E. Newman, was considered, ordered to a third reading, read the third time, and passed.

LONNIE BALES

The bill (H. R. 3829) for the relief of Lonnie Bales was considered, ordered to a third reading, read the third time, and passed.

JOHN J. JENKINS

The bill (H. R. 4019) for the relief of John J. Jenkins was considered, ordered to a third reading, read the third time, and passed.

MRS. WILLIE M. MAYE

The Senate proceeded to consider the bill (H. R. 3761) for the relief of Mrs. Willie M. Maye, which had been reported

from the Committee on Claims, with an amendment, on page 1, line 6, after the words "sum of", to strike out "\$5,444" and insert "\$544."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 4063) conferring jurisdiction upon the United States District Court for the Eastern District of Oklahoma to hear, determine, and render judgment upon the claim of D. X. Sanders was announced as next in order.

Mr. DANAHER. Mr. President, may we have an explanation of the bill? I should like to know particularly whether there has ever been established a precedent to the effect that the Government would be liable for the failure of an inspector in the Bureau of Animal Industry to detect some disease, as a result of which failure, in the case covered by the bill, the particular 150 head of cattle involved became infected with ticks, thus giving rise to the alleged claim. If there is some precedent for it, I should like to know; that is the purpose of my inquiry.

The PRESIDING OFFICER. The Senator in charge of the bill does not appear to be on the floor.

Mr. DANAHER. Then, Mr. President, in the absence of an explanation, I should prefer to have the bill passed over.

The PRESIDING OFFICER. The bill will be passed over.

FRANK SHEPPARD

The Senate proceeded to consider the bill (S. 2220) for the relief of Frank Sheppard, which had been reported from the Committee on Claims with amendments, on page 1, lines 5 and 6, after the word "Treasury", to strike out "allocated by the President for the maintenance and operation of the Work Projects Administration" and to insert "not otherwise appropriated"; in line 8, after the words "sum of", to strike out "\$1,500" and insert "\$300"; in line 10, after the words "account of", to strike out the word "permanent"; and on page 2, in line 3, after the word "blast", to strike out "carelessly, negligently, and without warning set off by Work Projects Administration workmen, employees of the Government then and there engaged in repair work upon the public streets of said town" and insert "set off by employees of the Work Projects Administration: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frank Sheppard, of Lewisburg, W. Va., the

MASON'S APPLIANCE STORE,
Tigard, Oreg., February 21, 1942.

Senator RUFUS HOLMAN.

Senate Building, Washington, D. C.

DEAR SENATOR HOLMAN: This afternoon's Journal calls attention to the threatened walk-out of workers at the shipyards on Monday, February 23, because of some difficulties over extra pay for that day, a holiday.

Other yards up and down the coast, and elsewhere, are having the same trouble despite Donald Nelson's plea to work that day and settle pay differences later.

General MacArthur will not have a holiday that day. Dutch Admiral Helfrich will not have a holiday. The people of Java will see fireworks, but it won't be a holiday for them. The Australians are not taking a holiday. We who are trying to conduct businesses under trying circumstances are glad of our opportunity to work that day. George Washington, whose birthday it will be, did not take holidays when holed up at Valley Forge, and it's no time for a bunch of labor leaders to cook up a day off when every ship produced this year will be worth three at a later date.

Labor is quite apparently in the saddle at Washington, but—there's a day coming—and you men whom we trust and have faith in had better get yourselves organized to change this dictation. We are beginning to fear the Japs not half so much as we fear what is happening to our Government. We can laugh at a Jap if we have peace, integrity of purpose, security, and confidence in ourselves, but we are not going to laugh if the foundation underneath us is shaky.

If labor cannot abide on checks of \$50 and \$60 and \$75 a week, checks that we cash and know about, then it's time that somebody besides business had a halter. You are there to watch these things. Let's see some action.

Yours sincerely,

ARTHUR L. MASON.

SUSAN B. ANTHONY—MEMORIAL DAY ADDRESS BY SENATOR KILGORE

[Mr. GUFFEY asked and obtained leave to have printed in the Record an address delivered by Senator KILGORE on the occasion of the celebration of the one hundred and twenty-sixth anniversary of the birth of Susan B. Anthony, which appears in the Appendix.]

SUSAN B. ANTHONY—MEMORIAL DAY ADDRESS BY MRS. EMMA GUFFEY MILLER

[Mr. KILGORE asked and obtained leave to have printed in the Record an address on the subject Equal Rights in War; Unequal Rights in Peace, delivered by Mrs. Emma Guffey Miller on February 16, 1942, on Susan B. Anthony Memorial Day, which appears in the Appendix.]

ADDRESS BY SENATOR SMATHERS ON LAUNCHING OF VESSEL AT ATLANTIC CITY

[Mr. SMATHERS asked and obtained leave to have printed in the Record an address delivered by him at Atlantic City, N. J., on February 28, on the occasion of the launching of one of the Government vessels in Atlantic City waters, which appears in the Appendix.]

PLEA FOR TOLERANCE AND UNITY BY SENATOR WHEELER ON HIS SIXTIETH BIRTHDAY ANNIVERSARY

[Mr. TRUMAN asked and obtained leave to have printed in the Record an article from the Washington Times-Herald of February 28, 1942, containing a plea by Senator WHEELER for tolerance and unity on the occasion of the sixtieth anniversary of his birth, which appears in the Appendix.]

THE AIR-RAID ALARM AT LOS ANGELES

[Mr. McNARY asked and obtained leave to have printed in the Appendix an editorial published in the New York Times of February 28, 1942, entitled "The Los Angeles Mystery," and an editorial published in the New York Herald Tribune of February 28, 1942, entitled "Why Not Get Together?" which appear in the Appendix.]

CRITICISMS OF CONDUCT OF THE WAR—EDITORIAL BY JOHN S. KNIGHT

[Mr. TAFT asked and obtained leave to have printed in the Record an editorial relative to criticisms of the Government in the conduct of the war written by John S. Knight and published in the Miami Herald of February 22, 1942, which appears in the Appendix.]

ONE REASON WE ARE GOOD AT WINNING WARS—ARTICLE FROM WASHINGTON (D. C.) TIMES-HERALD

[Mr. REYNOLDS asked and obtained leave to have printed in the Record an article entitled "One Reason We Are Good at Winning Wars," published in the magazine section of the Washington (D. C.) Times-Herald of Sunday, March 1, 1942, which appears in the Appendix.]

CRITICISM OF AMERICA'S WAR EFFORT

[Mr. REYNOLDS asked and obtained leave to have printed in the Appendix two letters published in the Charlotte (N. C.) Daily Observer, one entitled "Critical of War Effort," and the other entitled "The Privileged View," which appear in the Appendix.]

FIFTH SUPPLEMENTAL DEFENSE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

Mr. AUSTIN. Mr. President, we are engaged in an act of political warfare as we agree to this bill appropriating \$33,000,000,000 for the production of weapons under the terms of the Lend-Lease Act of March 11, 1941, available to Great Britain, to Russia, to China, to the Netherlands, and even to any of the 22 nations who jointly declared, on January 1, 1942, their adherence to pledges of full resources to be employed against those members of the Axis with which such government is at war, each pledging itself to cooperation, and not to make a separate armistice or peace with the enemy. Eleven other Nations of the Western Hemisphere might also participate in the colossal effort that this appropriation represents.

Of itself, the passage of this bill constitutes a blow for liberty, but the major effect of it cannot be felt unless two further phases of warfare succeed:

First, the turning of its proceeds into planes, tanks, ships, munitions, and goods of all kinds necessary for the conduct of the war;

Second, the putting of this vast war machine into operation at the points of primary danger and strategic advantage.

I consider this an appropriate occasion to call attention to something which I believe to be vitally necessary to implement the proposed act. This is understanding and spiritual unity of people—the people of the United Nations. This

is vital because the lack of the spirit to which I refer might so delay production, hinder transportation, and interfere with efficient action in the theater of combat, that we could lose the war.

I am persuaded that governments alone cannot win this war however great appropriations for lend-lease purposes we make. Recognizing that this is not the war of the United States, or of any isolated nation, and that by statutes, by joint declarations, and by executive agreements, the several members of a partnership have unified military supplies and command of troops and fleets in the theaters of war, yet an important development awaits animation—that is the unification of the people upon the sound basis of facts and understanding of the world-wide scope of the moral issue and of the physical conflict.

Individuals, who constitute the masses, and create the cosmos in which the war is fought, should look upon it as a vast interlocked conflict. In free governments public opinion is the power that energizes the administrations which confront the dictators of the world. If the several peoples should envisage this war as only a defensive mission for themselves, isolated from the whole, the consequent strategy of immobilization of troops at home would probably cause defeat and enslavement of each partner separately.

The military policy of our General Staff in this regard is expressed in a letter from General Marshall, the Chief of Staff, which I read:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, February 28, 1942.

That was last Saturday.

HON. WARREN R. AUSTIN,
United States Senator,
Washington, D. C.

MY DEAR SENATOR: I quote below a paragraph from a letter I have written to a Member of the House of Representatives. I think it is self-explanatory:

"The issue raised by Mr. ———'s letter (urges troops to guard all Mississippi River bridges and Keokuk Dam) is of vital importance to the War Department. As would be anticipated, we are deluged with requests and demands for the employment of Federal combat troops not only to protect our coastal communities, but to guard installations throughout the United States. During the first weeks of the war we followed a policy of meeting practically all such appeals because we did have the troops available and it was thought wise to reassure the public in this manner, though this meant the disruption of divisions and, more or less, the cessation of combat training.

"The time has now come when we must proceed with the business of carrying the war to the enemy and not permitting the greater portion of our armed forces and our valuable matériel to be immobilized within continental United States. The enemy, calculating on public reactions, is undoubtedly employing submarines close inshore for the purpose of restraining our efforts to engage our planes and ground troops so far as practicable, offensively in distant theaters. Further, I feel that we must expect isolated air raids of a few planes directed against us for no other purpose than to create a public reaction which will adversely affect the sound military purpose of defending America by

engaging and defeating the enemy in theaters distant from our shores.

"I have gone into this matter in some detail because it is of great importance, and the demands for protection within continental United States are piling up in a forbidding manner. This is a question of public morale, of the courage of our people, and I am hopeful that you gentlemen of the Congress will take the lead in offsetting the present unfortunate reactions. The American people have the courage and resolution to face the harsh necessities of this desperate struggle if they understand the situation."

Faithfully yours,

G. C. MARSHALL,
Chief of Staff

Mr. President, the effect of the publication of this letter will not be limited to the inhabitants of the United States. It will comprehend in its encouraging announcement the interested inhabitants of lands flanking the southwest Pacific, as well as those bounding the Atlantic.

This is the answer to the attempt of our enemies to divide or separate us from each other. This is not propaganda. This is truth that is the sound basis of invincible prosecution of war by democracies. This represents offensive action as effective defense.

Mr. President, a common vision of the new world for which we fight gives understanding of the issue. The most concrete portrayal of this vision splendid is seen in the Atlantic Charter high lighting the "four freedoms."

The Atlantic Charter, whose name is derived from the place of meeting of the high contracting parties and in no way limits the scope of its operation, has now been extended by express international acts to the Pacific, first, by the joint declaration by the United Nations of January 1 declaring:

The foregoing declaration may be adhered to by other nations which are, or which may be, rendering material assistance and contributions in the struggle for victory over Hitlerism.

And, second, by an agreement between the Governments of the United States and Great Britain, dated February 23, 1942, expressly granting participation in its benefits, and the attainment of all the economic objectives set forth therein, to "all countries of like mind."

President Roosevelt, last Monday, in an address which was heard around the world, declared this fact:

We of the United Nations are agreed on certain broad principles in the kind of peace we seek. The Atlantic Charter applies not only to the parts of the world that border the Atlantic but to the whole world; disarmament of aggressors, self-determination of nations and peoples, and the "four freedoms"—freedom of speech, freedom of religion, freedom from want, and freedom from fear.

The principles of this charter are the hope of the world.

Oriental peoples are particularly interested in it.

Gen. Douglas MacArthur is leading one of those gallant stands for freedom that have uplifted mankind, and our friends, the Filipinos, inspired by the spirit of liberty, and strengthened by confidence in the avowed purpose, greatly outnumbered though they are in men and arms, have cooperated with Ameri-

can soldiers under General MacArthur in confounding the enemy.

All the people of Asia and of the Pacific Basin may be beneficiaries of the Atlantic Charter.

The Chinese have been resisting Japanese invasion for many years. Since 1937 they have been in a bitter war on their own soil defending their homes and the "four freedoms."

In 1916 and 1917, while in China unofficially, I had an opportunity to observe the efforts of the Chinese Parliament to establish a permanent constitution in which the "four freedoms" would be safeguarded. I know the ambition of the Chinese; I have seen the spirit of nationality develop there. Although the aggression of the Japanese has not been continuous in a military sense, yet there has not been a time since 1915, when Japan made her 21 demands on China, that Japan has not been an aggressor in one form or another.

Mr. President, I should like to have the Senate observe that notwithstanding the confusion created by war on her own soil, China has continued in that effort throughout this war. I have in my hand a publication issued under date of February 23, 1942, entitled "Contemporary China—A Reference Digest," an excerpt from which I shall quote in order that we may see how persistent the Chinese are in the search for the four freedoms. The quotation is as follows:

In September 1939 the National Government promulgated an outline governing the organization of various local units of the county government. This is the basic law of the new county system, a home-rule system, which constitutes the very foundation of a modern, democratic China.

The county is the administrative unit of the Chinese political system. Sun Yat-sen, father of the Chinese Republic, insists that the county government is the basis and the central government the superstructure of the nation. Not until all counties become self-governing cells will the nation have a sound democratic body politic.

Therefore, pending the inauguration of a constitutional government in the national capital—which, it has been decided, will take place as soon as the war is over—a new home-rule system is being put into operation.

I feel that we ought to learn more about the life and aspirations of the Chinese; there ought to be a better understanding between them and us. Such understanding must be based on truth. Therefore, there must be communication, there must be publicity.

We should not take a course in Congress which will close, or have a tendency to close, the sources of information regarding this war and the interest of the people of the United States unified with that of the people of China. The subcommittee having jurisdiction of the so-called Government-secret bill is alert to the danger of such a course.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. O'MAHONEY. Inasmuch as the Senator has made reference to the so-called Government-secrets bill, perhaps it might be appropriate for me to suggest that a little more emphasis be placed upon the matter.

The distinguished Senator from Vermont in his service on the Committee on the Judiciary has given eminent testimony of his personal appreciation of the necessity for unity and for the full dissemination of information to all our allied nations, and also for the presentation of information to our own people, and primarily presentation of complete information with respect to what the Government has been doing. I understand the Senator feels that there has been complete cooperation by the members of his subcommittee and by the representatives of the Department to this end.

Mr. AUSTIN. Mr. President, I am very glad to have this matter interpolated, for great public interest has been demonstrated in what the subcommittee is doing about the Government-secrets bill, and what the distinguished Senator from Wyoming has now said is true. I concur in the statement he makes that there is entire agreement, entire harmony in the subcommittee and between it and the Attorney General and the Assistant Solicitor General, who is specifically at work on this matter with the subcommittee as to the desirability of keeping open the sources of information that are necessary to create an enlightened public opinion, a public opinion here in the United States, and a public opinion in the Republic of China, in India, in all other countries which are affected by the war in the southwest Pacific, as well as in the countries of our other partners in the United Nations.

We believe there is unanimity of purpose in the subcommittee and in the Attorney General's service with the subcommittee to preserve the sources of information which are so necessary in equipping the United States to be an effective partner in the effort of the United Nations to win the war. At the same time, Mr. President, the subcommittee is aware of the great dangers that caused the original bill to be introduced, and it has the delicate task of formulating a statute having punitive characteristics which will safeguard information which should be secret, the revealing of which would either injure the United States in its war effort or give aid and comfort to the enemy.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a moment further?

Mr. AUSTIN. Yes; I yield.

Mr. O'MAHONEY. I am very happy that in connection with the subject matter which the Senator is discussing he has mentioned this bill, because it ought to be made clear to all our own people, as well as to our Allies, that in seeking to defend the principles of freedom in this great war the Judiciary Committee and the Department of Justice are in complete harmony. The Attorney General, in presenting this matter to the subcommittee, when he testified several days ago, made it quite clear that he considered it of greatest importance that nothing should be done with respect to the bill which would in any way impair the freedom of the press, a freedom which we all recognize as fun-

damental in the great objective of the war.

Mr. AUSTIN. Mr. President, I thank the Senator for emphasizing that fact—and it is a fact—which guides us in our work on the subcommittee. The dual purpose is difficult to attain. The difficulty has already been discovered; but, notwithstanding the frailty of human nature, the committee is going forward with the work and trying to accommodate both purposes. I feel sure that we shall be able to keep the well-springs of truth pouring out, so that we may foster a consciousness between Americans and Chinese of the brotherhood that exists in the principles of the Atlantic charter, thus increasing the effort of both Americans and Chinese to coordinate supply and demand of the necessary munitions, and to bring together in the field of battle millions of the best fighters the world has ever seen.

The Dutch, the Malaysians, the Australians, the New Zealanders, the inhabitants of India, Singapore, Hong Kong, and all other people in the Pacific Basin who can have access to facts and who can transmit facts should interchange knowledge with one another and with the other partners which will constantly keep in view the joint objective and the united action and tend to create an enlightened public opinion that is harmonious among the United Nations.

This goes for the war, and this goes for the peace. We ought to have learned—and I believe we have learned—that the principles of self-government cannot exist in a world that is constantly menaced by men of diabolical ambitions, whose constant and entire effort is applied to the reduction of free men to slavery and the subjugation of other governments to their own totalitarian rule.

The die is cast. Every man and woman among the United Nations must realize that freedom in the world will be won or lost by the character of our united effort. If this be intelligent, utterly loyal, zealous, and with comprehension of the objective, democracy as a form of government will prevail in the world. If we lack understanding of one another, if we divide our effort, if we criticize and hamper one another and stultify our own several governments, democracy will lose in the world.

I should be glad to promote this unity by having better intercommunication between the various representative bodies of the world, those branches of Government which speak and act for the people in a representative capacity.

Mr. President, I realize that this is not the time for a statement on the precise outline for this effort; but I hope that ere long it will take definite form and be implemented.

The main purpose of my speaking on this bill is to bring to consideration those forces which must animate the tangible thing which we are creating today.

I would convey to our friends in the Orient, the great Christian leaders, Gen. Chiang Kai-shek and Mme. Chiang Kai-shek, and to their people, the happiness I have in the knowledge that their

struggles will not have been in vain, and that their opportunity to participate in the glory of victory is boundless.

We vote for this appropriation with full realization of the burden it will lay upon us; but we do it cheerfully, because we believe that it is an essential step to winning the war and consolidating the position of the four freedoms.

The VICE PRESIDENT. The clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, under the heading "Title I—War Department—Quartermaster Corps—Quartermaster Service, Army," on page 2, line 20, after the word "equipment", to strike out "\$928,928,000" and insert "\$1,525,764,000."

The amendment was agreed to.

The next amendment was, on page 3, line 5, after the words "In all", to strike out "\$3,391,166,900" and insert "\$3,988,002,900."

The amendment was agreed to.

The next amendment was, under the heading "Title III—Defense Aid," on page 8, line 6, after the word "foregoing", to strike out "\$580,000,000" and insert "\$675,000,000."

The amendment was agreed to.

The next amendment was, on page 8, line 7, after the words "In all", to strike out "\$5,330,000,000" and insert "\$5,425,000,000."

The amendment was agreed to.

The next amendment was, on page 9, line 3, after the numerals "17", to strike out "1942" and insert "1941."

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments. The bill is still before the Senate and open to further amendment.

Mr. McKELLAR. Mr. President on behalf of the committee, I offer an amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Tennessee will be stated.

The CHIEF CLERK. On page 10, after line 20, it is proposed to insert a new section, as follows:

SEC. 403. Limitations on appropriations heretofore enacted and available for obligation during the fiscal years 1942 and 1943, which prohibit the use of such appropriations and other funds for the employment in the service of the District of Columbia and the United States (including any agency a majority of the stock of which is owned by the Government of the United States) of persons who are not citizens of the United States or who have not filed declarations of intention to become such, shall not apply hereafter to citizens of the Commonwealth of the Philippines.

Mr. McNARY. Mr. President, is the amendment offered as a committee amendment, with instructions from the committee?

Mr. McKELLAR. Yes; it is.

Mr. McNARY. Why was it not included in the bill?

Mr. McKELLAR. It was subject to a point of order. The amendment goes back to appropriations for 1942 and 1943. That is the only difference between the two sections.

Mr. McNARY. Is the Senator speaking with respect to an amendment which he now offers to the language of the bill as reported by the Senate Committee?

Mr. McKELLAR. Yes.

Mr. McNARY. Or is the Senator referring to the bill as it passed the House and was referred to the Appropriations Committee of the Senate?

Mr. McKELLAR. The amendment refers to the bill now before the Senate. If the Senator will look at section 402, he will find that there is legislation in various acts which prohibits the use of such an appropriation for this purpose. For that reason, and because it was alleged that the amendment was legislation, it was thought best to present the amendment in this way, so as to allow the use of such funds heretofore appropriated for the fiscal years 1942 and 1943.

Mr. McNARY. Wherein does the language of the amendment differ from the language of the bill? That is the point I am trying to make clear.

Mr. McKELLAR. In the language of section 402 there are limitations applying only to this bill. The proposed section 403 makes the limitations apply also to other acts which have already been passed.

Mr. McNARY. Why was not the amendment written into the bill as it was reported to the Senate?

Mr. McKELLAR. As I understand, it would have been subject to a point of order in the House, and it is subject to a point of order in the Senate.

Mr. McNARY. Is it subject to a point of order?

Mr. McKELLAR. It is. Notice was given. For that reason the amendment is presented in this way.

The main purpose of the amendment is to permit the appointment of Filipinos to positions in the United States. I think they ought to have the right to such appointments. They are putting up a wonderful fight in behalf of their country and in behalf of the United States. If the Senator will examine the amendment, he will see that the purpose of it is as I have explained. I hope the Senate will agree to it. I am sure the Senator will be glad to agree to it.

The Resident Commissioner of the Philippines to the United States, in writing about the amendment, says:

It is evident that under these terms no Filipino citizen may be employed in any office of the Federal Government whose appropriations are controlled by a requirement of this nature. The fact of owing allegiance to the United States is only a qualification of the principal requirement of being in the service of the United States on the date of the approval of the pertinent act.

The committee thought that this contention was correct. I ask unanimous consent, Mr. President, to have printed in the RECORD at this point as a part of my remarks a letter from Hon. J. M. ELIZALDE, Resident Commissioner of the Philippines to the United States, addressed to the chairman of the committee, Mr. GLASS.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE RESIDENT COMMISSIONER

OF THE PHILIPPINES TO

THE UNITED STATES,

Washington, D. C., February 5, 1942.

Hon. CARTER GLASS,

Chairman, Committee on Appropriations, United States Senate.

MY DEAR SENATOR: I am addressing you with respect to the citizenship requirements of the various appropriation bills considered by your committee.

In most of the 1942 appropriation acts, including the Treasury and Post Office Departments Appropriation Act of 1943, just passed in the House, the following citizenship requirement is included:

"Sec. 3. No part of any appropriation contained in this act or authorized hereby to be expended shall be used to pay the compensation of any officer or employee of the Government of the United States, or of any agency the majority of the stock of which is owned by the Government of the United States, whose post of duty is in continental United States, unless such person is a citizen of the United States, or a person in the service of the United States on the date of the approval of this act who being eligible for citizenship had theretofore filed a declaration of intention to become a citizen or who owes allegiance to the United States."

It is evident that under these terms no Filipino citizen may be employed in any office of the Federal Government whose appropriations are controlled by a requirement of this nature. The fact of owing allegiance to the United States is only a qualification of the principal requirement of being in the service of the United States on the date of the approval of the pertinent act.

I submit, with all due respect, that as a matter of principle Filipino citizens, who are classified as nationals of the United States in the Nationality Act of 1940, should not be disqualified from Federal service.

Allegiance and protection should be reciprocal obligations—allegiance for protection, and protection for allegiance. Our oath of allegiance obligates Filipinos to the supreme sacrifice of their lives in behalf of the American Union; it seems to me unfair to bar Filipinos from Government employment by reason of legislative enactments.

As a practical result, extremely few Filipinos could avail themselves of the opportunity of Federal employment by reason of a change of the afore-mentioned provision of law. Since May 1, 1934, the quota of Filipino immigrants is 50 annually. Filipinos who are permanent residents of the United States—i. e., those who entered the country prior to the enactment of the Independence Act of 1934—are already definitely established in their chosen fields of endeavor. Those between the ages of 18 and 45 are subject to training in the armed forces of the United States. My interest in this matter is purely to eliminate from the statutes any provision that in any manner may be construed as denying Filipinos the opportunity of employment in the Government service.

If I may be allowed a suggestion, the Legislative Branch Appropriation Act of 1942 includes a citizenship provision which has been interpreted by the Comptroller General of the United States as permitting the employment of Filipinos, to wit:

"Sec. 6. No part of any appropriation contained in this act or authorized hereby to be expended, and no part of any appropriation or fund otherwise available to any Federal agency for which appropriations are contained in this act, shall be used to pay the compensation of any officer or employee of the Government of the United States or of any agency the majority of the stock of which is owned by the Government of the United States, whose post of duty is in continental United States, unless such person is (1) a citizen of the United States; or (2) a person

in the service of the United States on the date of the approval of this act who, being eligible for citizenship, had theretofore filed a declaration of intention to become a citizen; or (3) who owes allegiance to the United States."

I would be very grateful for the favor of the insertion of this letter in the records of your committee proceedings on the matter of the Department appropriations.

With the assurances of my high esteem and consideration, I remain,

Very truly yours,

J. M. ELIZALDE.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee on behalf of the committee.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, when the bill was reported to the Senate on behalf and by authority of the Committee on Appropriations, I gave notice that a motion would be made to suspend paragraph 4 of rule XVI in order to offer a legislative amendment. Since that time the issue raised has been discussed somewhat freely, and I understand that, perhaps, the Senator from Kentucky has a statement to make at this point in connection with the matter. If so, I should be glad to yield for such statement.

Mr. BARKLEY. Mr. President, as the Senator from Oklahoma has stated, notice was filed one day last week by the Senator from Oklahoma that an amendment would be offered which would implement in the pending appropriation bill the legislative action taken by the Senate last week in the passage of a bill designed to prohibit the Commodity Credit Corporation from disposing of, at less than parity prices, any agricultural commodities owned by it. Of course, to make such an amendment to the bill under consideration in order would require a suspension of the rule, and such a motion would require a two-thirds vote. It was my understanding that the Senator from Oklahoma had modified his amendment so as to make it a limitation on the pending appropriation bill, and that he intended to offer it in that form.

In an effort to avoid complicating the pending bill—which is an important and vital appropriation bill—by reiterating statements made or positions taken in the passage by the Senate of the bill referred to, which was an independent and substantive bill, I undertook to ascertain the situation with respect to the effect the amendment would have upon the War Department and the Government in the purchase of supplies provided for in the appropriation bill and in carrying on the war.

I have conferred with the Budget Officer of the Procurement Division of the Navy Department and also with the Under Secretary of War, Judge Patterson. The bill carries mainly appropriations for the War Department, but the whole principle is involved as between the two Departments. From the conversations I had I am able to state that the Navy Department makes no direct purchases of any of the raw materials or agricultural products which would be covered by the amendment which has been suggested by the Senator from Oklahoma

and other Senators. I was advised that the Navy Department purchases its supplies in the open market, on bids; and the fact that any commodity which they purchase in the open market or on bids might at one time have been owned and sold by the Commodity Credit Corporation is a matter about which they have no knowledge and could have no knowledge unless they were to set up some sort of an investigatory force to trace the ownership of the commodity which they might purchase, if they were engaged in the purchase of raw materials—which they are not. So, it seems to me that the Navy Department really is not involved in the purchase of any of these agricultural commodities as such.

The amendment, as it was intended to be offered by the Senator from Oklahoma, not only would apply to farm products but to anything manufactured or processed out of farm products, although I understand that the Senator decided later not to include the latter category, but to limit the amendment to the agricultural products as such.

Mr. THOMAS of Oklahoma. That is correct.

Mr. BARKLEY. Judge Patterson has informed me, in a conference which I had with him on Saturday, and one again this morning, that, so far as any of these funds are concerned, the situation in the War Department is practically the same as that in the Navy Department. The War Department does not buy from the Commodity Credit Corporation any raw cotton or any corn or wheat or any other agricultural product as such. The Senator from Oklahoma, and, I think, all other Senators, will realize that if the War Department were prohibited from buying any processed or manufactured commodity produced from an agricultural product once owned by the Commodity Credit Corporation, such a prohibition would be almost impossible of enforcement, because the Department would have to set up an inspection service to trace every article they bought—every bale of cotton or every barrel of flour or every tire—in order to determine whether into such article went some raw material which at one time was owned by the Commodity Credit Corporation.

I am informed—and I have not any doubt of the accuracy of the information—that, so far as cotton is concerned, the War Department not only has not purchased any from the Commodity Credit Corporation, but it is not now purchasing any at any price, and does not contemplate the purchase of raw cotton from the Commodity Credit Corporation in anything like what could be called substantial quantities, if at all. I am advised that they do buy cotton cloth—not raw cotton, but products processed from cotton, such as uniforms, underwear, all sorts of garments which are manufactured of cotton; but they buy such things in the open market, on bids, after they are manufactured; and they have no way of knowing where the manufacturer got the cotton out of which the articles are produced. Therefore there is no policy of the War Department that contemplates any large-scale or substantial purchase of raw cotton from the

Commodity Credit Corporation. They have practically no direct dealings with the Corporation in the purchase of cotton.

As to wheat, the same situation exists. The War Department does not purchase raw wheat. It purchases flour, of course, and other wheat products; but it purchases them in the open market, through ordinary mercantile channels, and on bids. There would be no way by which the War Department could trace the pedigree of a barrel of flour in order to determine out of what wheat it was manufactured or who owned it at any time. So no situation with respect to wheat arises here.

As to corn, there are only two possible conditions under which the War Department would purchase raw corn. One is that it has, of course, a number of cavalry horses, which, of course, it must feed. It buys in the open market, on bid, the corn to be fed the horses. It has not bought any corn, and does not contemplate buying any, from the Commodity Credit Corporation, out of the stocks which it owns, for the purpose of feeding cavalry horses. The only possibility, which in all likelihood would arise in connection with corn, might be in the purchase of alcohol produced from corn; but in the past, up to now, and so far as is contemplated, the War Department has purchased and does purchase its alcohol in the open market, in the same way—on bids. It does not deal with the Commodity Credit Corporation in the purchase of corn, and does not contemplate doing so.

I can state that Judge Patterson and the Navy Department were perfectly frank and open in making their statements to me, and I think that the Senator from Oklahoma and all other Senators can rely upon their accuracy and their good faith.

Mr. McKELLAR. Mr. President, will the Senator yield to me so that I may ask a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. Did the Senator from Kentucky confer also with the lend-lease authorities to ascertain what they proposed to do about the matter?

Mr. BARKLEY. No; I did not confer with the lend-lease authorities, although probably that was an oversight. In view of the fact, however, that even the provisions of the bill passed the other day and the provisions of the amendment which were in contemplation would not apply to any such commodities used outside the United States, therefore even if the lend-lease authorities should ship outside the United States to our associated nations wheat or corn which they had purchased from the Commodity Credit Corporation, or by any arrangement with it, the amendment and the bill passed would not apply; because their provisions relate only to the use of such commodities within the United States. So, because of that situation, I really did not think it was necessary to take up the matter with the lend-lease authorities.

Mr. McKELLAR. Of course, the Senator knows that quite a large appropriation—approximately \$90,000,000—is for

lend-lease purchase of cotton goods or cotton. The Senator does not think, does he, that that would be interfered with?

Mr. BARKLEY. No; I do not think so; but I do not believe the bill the Senate passed the other day, if enacted, or the amendment contemplated by the Senator from Oklahoma, if agreed to, would interfere with such purchases; because both measures are limited to the use of such commodities in the United States, and, of course, what we lend or lease to our associated nations goes outside of the United States.

So in view of the statements I have mentioned, I think that the Senate can rely upon the observance of the indicated policy by the War and Navy Departments; and, under the circumstances, I sincerely hope that the amendment will not be offered to the pending bill.

Mr. THOMAS of Oklahoma. Mr. President, I thank the Senator from Kentucky for the statement he has made. It agrees substantially with the information I have. This issue of parity prices arose over a newspaper story to the effect that the War Department was consulting with the Commodity Credit Corporation with respect to the transfer of some 5,000,000 bales of cotton from such Corporation to the War Department, so that the War Department, in turn, might process the cotton into cloth and various other cotton articles needed.

I called the War Department and talked to the official in charge of acquiring cloth, as I understand, both woolen cloth and cotton cloth, and, while it is not his duty to deal with this matter, he said such a proposal was under consideration; that the War Department and the War Production Board were considering the matter. He did not know what proposal had been made, if any, but he did say that it was under consideration.

Then another story was published rather widely that the proposed amendment would cost the consumers at least \$1,000,000,000 more for their food supplies. Mr. President, any amendment that has the possible effect of raising the price of food supplies to the extent of \$1,000,000,000, of course, is worthy of consideration.

Before I state what I propose to do, I desire to clarify the record. I ask permission to place in the Record at this point certain provisions of the so-called price-control law which is Public, 421 of the present session of the Seventy-seventh Congress. I ask specifically that, from section 3 on page 5, paragraph (a) and paragraph (b) be incorporated in the Record at this place.

The VICE PRESIDENT. Without objection, it is so ordered.

The paragraphs referred to are as follows:

AGRICULTURAL COMMODITIES

Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 percent of the parity price for such commodity, adjusted by the Secretary of Agri-

culture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 percent of such comparable price, adjusted in the same manner, in lieu of 110 percent of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

Mr. THOMAS of Oklahoma. Then, Mr. President, following the incorporation of those provisions of the law, I ask to have printed in the Record a copy of Senate bill 2255, which was passed by this body on February 25, and is now pending in the other House.

The VICE PRESIDENT. Without objection, the bill will be printed in the Record.

The bill (S. 2255) is as follows:

Be it enacted, etc.,

Sec. 1. That hereafter until December 31, 1944, or until such earlier time as the Congress by concurrent resolution may designate, no agricultural commodity, title to which is in the Commodity Credit Corporation on the date of enactment of this act, or title to which is acquired, directly or indirectly, by such Corporation after such date, shall be sold or otherwise disposed of by such Corporation for use within the United States at a price below the parity price for such commodity determined and published by the Secretary of Agriculture as authorized by law. In the event that any such agricultural commodity is sold or otherwise disposed of by the Commodity Credit Corporation to any executive department or other governmental agency, the provisions of this act shall likewise apply to any sale or other disposition of such commodity by such department or agency, or by any other executive department or governmental agency which thereafter acquires title to such commodity. The proceeds of any such sale or other disposition of any such agricultural commodity shall be covered into the Treasury as miscellaneous receipts. The provisions of this act shall not apply to the sale or other disposition of any agricultural commodity to or by the Agricultural Marketing Administration for distribution exclusively for relief purposes, nor to grain which has substantially deteriorated in quality and is sold for the purpose of feeding or the manufacture of alcohol or commodities sold to farmers for seed.

Sec. 2. Nothing in this act shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

Mr. THOMAS of Oklahoma. I also ask to have printed in the Record at this point a copy of the notice which was served on behalf of the Appropriations Committee. Let these three documents, being Federal official records, appear in the Record.

The notice presented by Mr. THOMAS of Oklahoma on February 23 instant, on behalf of Mr. BANKHEAD, is as follows:

NOTICE OF MOTION TO SUSPEND THE RULE—
AMENDMENT

Mr. THOMAS of Oklahoma. Mr. President, House bill 6611 has been reported to the Senate today. It is the large defense appropriation bill. The committee authorized the senior Senator from Alabama [Mr. BANKHEAD] to offer an amendment on the floor tomorrow. The amendment may be construed to be legislation, in which event a notice in writing of a motion to suspend paragraph 4 of rule XVI will be necessary. I want the RECORD to show that I am now making the request that during the course of today such a notice in writing and the text of the proposed amendment may be filed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

Mr. THOMAS of Oklahoma (for Mr. BANKHEAD) subsequently submitted the following notice in writing:

"In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, the following amendment, namely:

"At the proper place in the bill to insert a new section, as follows:

"SEC. 404. All agricultural commodities and all products processed from such commodities authorized to be purchased and secured with funds appropriated and made available by this act shall be purchased in the open market as now provided by law."

Mr. THOMAS of Oklahoma (for Mr. BANKHEAD) also submitted an amendment intended to be proposed by him to House bill 6611, making additional appropriations for the national defense, fiscal year 1942, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. THOMAS of Oklahoma. I read in the press, Mr. President, that the efforts of some Senators in this matter were described as being "reprehensible." I do not know who made that statement; I do not know that anyone made the statement, except that the press recorded such a statement in its columns. Let me say that the Committee on Agriculture and Forestry reported unanimously the so-called Bankhead-Gillette bill. That bill came before the Senate, and was approved by this body by a vote of 54 to 23. Then, in the Committee on Appropriations, it was unanimously agreed that the Senator from Alabama [Mr. BANKHEAD] should offer an amendment to the pending bill limiting the expenditure of the funds carried in the bill to the payment of at least parity prices for any of the surplus agricultural stocks owned by the Commodity Credit Corporation. So, if there has been any conduct that is "reprehensible" it was directed, first, at the Committee on Agriculture and Forestry; second, at the Senate, and especially at those Senators who voted for the bill; and third, at the Committee on Appropriations, which authorized the Senator from Alabama to offer the amendment.

Then today the House Committee on Appropriations has just reported the regular supply bill for the Department of Agriculture, and such bill carries the following limitation. On page 78, under the title "Commodity Credit Corporation", is language as follows:

Provided further, That none of the fund made available by this paragraph shall be used for administrative expenses connected with the sale of Government-owned stocks of farm commodities at less than parity price as defined by the Agricultural Adjustment Act of 1938.

Mr. President, this proposed amendment does involve a considerable sum of money. The issue is whether the Congress will appropriate a billion dollars or thereabouts out of the Treasury, and use that sum in order to make benefit payments to the farmers, or whether the Congress will permit prices to rise to parity, thus making unnecessary benefit payments, in which event whatever increase there may be in the price of all commodities will be borne by the consumer. This applies to all farm commodities, not alone to cotton, not alone to wheat, not alone to corn, but to tobacco, rice, livestock, and everything the farmers produce.

This bill carries a large sum of money for the purchase of cloth. Under the lend-lease title it carries \$90,000,000 for the purchase of cotton. At present prices \$90,000,000 will buy about a million bales of cotton. So, under the provisions of this bill relating to the lend-lease program, \$90,000,000 are provided for cotton, and, therefore, the amendment would apply directly to that 1,000,000 bales.

The pending bill carries over a billion and a half dollars for the purchase of cloth and equipment. That means, of course, woolen cloth and cotton cloth and equipment generally. Inasmuch as many of our soldiers will be stationed in rather warm climates, winter and summer, it is to be assumed that their clothing will be made very largely out of cotton, and that the demand for cotton under this bill will be heavy. So it is my estimate that this bill carries money to purchase at least 3,000,000 bales of cotton or products fabricated from 3,000,000 bales of cotton. It may be much more, but it certainly will be that much.

Mr. President, those of us who are interested in this problem are not trying to get prices allowed under the highest ceiling provided by the law. There are five ceilings provided by the so-called price-control bill. There is, first, the parity-price ceiling; there is, second, the October 1, 1941, price ceiling; third, the December 15, 1941, price ceiling; fourth, the average price of 1909 to 1929 ceiling; and fifth, the 110 percent of parity ceiling. We are not asking for 110 percent of parity; we are not asking for the average prices the commodities brought from 1919 to 1929; we are simply asking, in many cases, for the lowest ceiling, not the second highest, not the third highest, or the fourth or fifth highest, but the lowest ceiling provided. Some people seem to assume that the Congress was just "kidding" the farmers when it passed the price-control bill.

Mr. BONE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BONE. I understood the Senator to say this bill carries provision for the purchase of cotton. I assume he means raw cotton? I do not see any such provision in the bill.

Mr. THOMAS of Oklahoma. Under the lend-lease provision \$90,000,000 are set aside specifically for the purchase of cotton, whether raw cotton or semi-processed cotton or fabricated cotton, or in what form, I do not know; the bill does not state.

Mr. BONE. I presume the Army uses cotton for the purpose of the manufacture of explosives; but the Army does not buy raw cotton; at least, I do not know that the Army does so.

Mr. THOMAS of Oklahoma. It was proposed, according to the public press, that the Commodity Credit Corporation transfer to the Army as much as 5,000,000 bales, so that the Army could send the cotton to the mills and have it processed; in other words, trade it for cloth, just as was done in the earlier days when a farmer would take his wheat to the mill and without waiting for the mill to grind the wheat into flour it would be figured out how much flour the owner of the wheat would be entitled to, and with his flour he shortly would be on his way back home.

Mr. President, this amendment has wide possible ramifications. On December 15 the parity price of cotton was 16.93; on that date the farm price was 16.23; the October 1 price was 17.04; 110 percent of parity price on the 15th of December was 18.62 and the average price of cotton during the 1919-29 period was 21.47. So all we are asking for in this proposal is to secure for the farmer the full parity price—not 110 percent parity price or the 1919-29 level, but the parity price.

Since these figures were made available, Mr. President, the Agricultural Department has announced the latest parity prices for the three major products. According to the figures on the 15th of February, which is the last parity announcement, the parity price for cotton was 18.23; the parity price for wheat was \$1.30 a bushel, and the parity price for corn was 94 cents a bushel. So, as the matter appears today, those for whom I speak are demanding that the prices of the commodities be permitted to rise until the producers are assured the full parity price, or a price of 18.23 for their cotton, a price of \$1.30 a bushel for their wheat, and a price of 94 cents a bushel for their corn.

I am asked the present market price for cotton—

Mr. BANKHEAD. Mr. President, I can state the present farm price of cotton.

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator for that purpose.

Mr. BANKHEAD. It is 17.8, which is about 40 or 50 points below the parity price; it has not reached parity.

Mr. THOMAS of Oklahoma. Mr. President, this issue will have to be fought out in connection with the passage of the regular agricultural appropriation bill. So, inasmuch as that bill will come on a little later, it is thought best by some of us not to delay the passage of the pending measure at this time; but still I do want to make the record, because later the issue will come up in the Senate whether we will appropriate almost a billion dollars in the form of

subsidies or hand-outs or benefit payments and place that money in the hands of the Department of Agriculture to make payments on crops to be grown in 1942.

This is the way the Department's program will work. At the present time, just for illustration, the parity price of cotton is 18 cents. The farm price is 16 cents. There is a difference of 2 cents a pound between what the farmer receives and the parity price. How is the farmer to get the 2 cents? There being 500 pounds to a bale of cotton, of course, 2 cents a pound means \$10 on a bale. So, under the program advocated by the Department, the farmer would receive \$10 a bale less than the parity price. How is he to get the 2 cents a pound?

The program is to have Congress appropriate some \$450,000,000 in the agricultural appropriation bill, and place that money in the hands of the Department with which to make the payment of \$10 a bale to the growers of cotton in 1942.

How will it work with regard to wheat? At the present time the parity price of wheat is \$1.30. It is proposed that the farmer be loaned 85 percent of parity. Eighty-five percent of \$1.30 is \$1.10; \$1.10 deducted from \$1.30 leaves 20 cents as the difference between the farm price for wheat and the parity price. How is the farmer to get the 20 cents a bushel? The Agriculture Department plan is to have Congress appropriate the money, as I have just stated, and out of the \$450,000,000, or out of the parity money to be appropriated, allocated, or obligated, they are to make these payments of 20 cents a bushel.

How does it affect the producers of corn? At the present time the parity price of corn is 94 cents a bushel. Eighty-five percent of 94 cents is 80 cents, and 80 cents deducted from 94 leaves 14 cents. So the farmer is presumed to secure 80 cents cash for his corn, and if he then is to receive full parity, he must depend on the Government—and when I say "Government," I mean the Department of Agriculture—to make him a benefit, soil conservation, or parity payment, in the total sum of 14 cents for each bushel.

If the Congress should see fit not to make appropriation for these subsidies or parity payments, the farmer will not receive the difference. Therefore, it is the idea of some of us that, instead of appropriating \$450,000,000 in order to make the soil-conservation payments, and instead of enacting a law giving the Secretary of Agriculture the power to obligate the Treasury to cover these parity payments—and if they amount to as much this year as last year, it would mean \$212,000,000—we allow the prices to rise, the price of cotton to 18 cents a pound or to full parity, the price of wheat to \$1.30 a bushel or to full parity, and the price of corn to 94 cents a bushel or likewise to full parity. If prices do not go that high, the farmer is taking the chance, or the gamble, if we wish to call it a gamble.

By following the suggestion some of us have made, we can get rid of the necessity of appropriating over \$700,000,-

000 in these two items alone, as I shall demonstrate in just a moment. On the other hand, if the amendment I had intended to offer in behalf of the Senator from Alabama [Mr. BANKHEAD] and myself should have prevailed, it is my judgment that prices would have gone to parity, in which event there would have been no occasion for asking for \$450,000,000 for soil-conservation payments and \$212,000,000 in either cash or authorizations for parity payments.

Mr. President, I desire to give the Senate the break-down of this proposal. In the Budget now pending before the Congress we find a request for \$464,440,119 to enable the Government to make these soil conservation or benefit payments. The Budget then states that \$30,000,000 will be borrowed from the Commodity Credit Corporation, making a total, if these two appropriations are granted, of \$494,440,119 for the making of soil-conservation payments, which means one form of benefit payments. The cost of administration of this department is as follows:

To administer the half-billion dollar fund to be used in making these payments it is proposed to employ 1,091 employees in the District of Columbia, at a cost of \$2,238,292. It is estimated that it will take 2,863 employees in the field to administer the fund, at a cost of \$5,128,863. It is estimated and requested that we appropriate money to pay for temporary employees, to cost \$1,699,561.

The total cost to administer this one fund of \$450,000,000 would, therefore, be \$12,159,211.

The cost of that program, covering the expenditure of \$494,000,000 for the appropriation proper, and \$12,000,000-plus for the administration, makes a total in the case of that one fund of \$506,599,330. That is for the soil-conservation branch of these benefit payments.

For parity payments the authorities are not asking in the bill for a specific sum, they are asking for contract authority to obligate the Treasury so that they can get as much money as they need. If they need for the coming year as much as they needed for the past year, it will take \$212,000,000. If they do not need as much, it will cost less, if they need more it will cost more than \$212,000,000.

It is proposed to employ 349 persons in the District of Columbia, and 940 in the field. The temporary employees are not cataloged, hence there is no request made for them by number. A request is made as to their expenses. The cost of these employees as estimated will be \$2,835,230.

Then there are the miscellaneous expenses, which means printing, travel, and incidentals, or whatever is covered by the term "miscellaneous expenses" generally, which are estimated to cost \$3,973,824. Then they are to pay to the committees in the field \$6,282,212, so the estimated total cost of administration of the parity payments is \$13,091,266.

When we add these sums together, the conservation payments, the soil-conservation payments, and the parity pay-

ments, plus the cost of administration, we have a grand total of \$731,690,596.

Mr. President, to support the figures I have just given I ask to have printed in the RECORD at this point a statement from the Budget, prepared by the clerk of the Committee on Appropriations of the Senate, under the title "Conservation and Use of Agricultural Land Resources, Department of Agriculture."

I also ask to have printed in the RECORD a statement prepared by the clerk of the Committee on Appropriations in relation to parity payments. These statements sustain the figures I have just given.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE

The estimate for 1943 is \$450,000,000, of which \$4,000,000 is earmarked for the four regional laboratories. The Budget shows that the estimated grand total obligations of the Agricultural Adjustment Administration for 1943 in connection with administering conservation and use of agricultural land resources are \$464,440,119. The Budget shows further that it is estimated for the year 1943, \$30,000,000 will be borrowed from the Commodity Credit Corporation and \$11,777,065 will be repaid to the Commodity Credit Corporation, and that \$2,909,648 will be received as reimbursements from other appropriations, bureaus, and agencies.

The Budget further shows that in connection with the administration of conservation and use of agricultural land resources by the Agricultural Adjustment Administration it is estimated 1,091 employees will be employed in Washington at a cost of \$2,238,292; that the estimated total permanent field personnel will be 2,863 at a cost of \$5,128,863, and that temporary employees in the field will cost \$1,699,561. The total for personal services, departmental and field, is estimated at \$9,107,838. The estimated expenditures for other obligations, such as supplies and materials, communication service, travel expenses, and transportation of things, is \$3,051,373. The Budget further shows that of the estimated grand total obligations for 1943 the amount of \$452,151,466 will be paid as grants to producers.

PARITY PAYMENTS

The Budget shows that the estimated number of departmental employees for 1943 of the Agricultural Adjustment Administration in connection with administration of parity payments is 349, at a cost of \$705,950, and that the cost of temporary employees in Washington will amount to \$7,774, or a total for Washington personnel of \$713,724. The Budget further shows an estimated permanent field personnel of 940 at a cost of \$1,635,063, that temporary personnel in the field will cost \$486,443, and that the total estimated field personnel will amount to \$2,121,506. The total estimate for personnel, departmental and field, is thus \$2,835,230. Other obligations, such as supplies and materials, communication service, and travel expenses, are estimated at \$3,973,824. Payments to county committees are estimated to total \$6,282,212.

The foregoing administrative expenses estimated for 1943 total \$10,256,036. If a cash appropriation is made for parity payments, this amount for administrative expenses would be paid out of that cash appropriation, or out of unexpended balances. The estimate for parity payments for 1943 provides for a reappropriation of unobligated balances and a contract authorization to pay full parity payments. The estimate further provides that of the amounts made available, not to exceed \$5,000,000, may be expended for

administrative expenses in the District of Columbia (including personal services) and in the several States (exclusive of expenses of county and local committees).

Mr. THOMAS of Oklahoma. Mr. President, I ask to have printed in the RECORD a statement which I gave to the press Saturday in an effort to outline and clarify the issue I have been discussing.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT REGARDING THE PARITY-PRICE ISSUE

The farm parity-price issue involves a fundamental governmental policy and should be clarified.

All agree that farm prices should be on a parity with industrial prices.

The Agriculture Department wants to keep a number of farm prices substantially below parity and then make up the difference by subsidies or so-called benefit payments direct from the Treasury.

To cover such subsidies the Budget recommends—

(1) an appropriation of \$450,000,000 to meet the so-called domestic allotment payments; and

(2) contract authority to obligate the Treasury to an indefinite sum for so-called parity payments.

Should the parity payments equal those appropriated for the 1941 crops, then the sum of \$212,000,000 will be necessary for the 1942 crops.

In addition to the \$662,000,000 necessary to meet subsidy or benefit payments, the Department's policy will require the services of a few thousand employees to administer the program, and such administration will cost some \$15,000,000 additional, so that the total so-called benefit program calls for a direct appropriation from the Federal Treasury in a sum of approximately \$675,000,000.

The Congress has just passed a law providing for the control of prices generally.

This law provides a number of ceilings on farm products, as follows:

- (a) Parity prices.
- (b) 110 percent of parity.
- (c) The price current on October 1, 1941.
- (d) The price quoted on December 15, 1941.
- (e) The average of prices during the years 1919 to 1929.

With the price-control law in force it is now proposed to keep certain farm prices below not the highest ceiling but below parity, which in some cases is below the lowest ceiling, and, as stated, to do this it will be necessary to make appropriations in the total sum of approximately \$675,000,000 direct from the Treasury.

If farm prices are permitted to rise to parity, then the subsidy or benefit payments will not be necessary.

Farmers are demanding parity prices rather than subsidies from the Federal Treasury.

The second issue is over the policy of dumping of Commodity Credit Corporation's stocks on the market in an effort to depress and cause prices to be below parity.

The Agricultural Department wants to use our surplus stocks for such purpose and the Senate has gone on record, by a vote of 50 to 23, against such policy.

All must agree that we will be called upon to feed and clothe not only our own soldiers and our own people but, in addition, many other peoples who are assisting us in our war efforts.

After the war is over and in the reconstruction period we will be called upon to supply food and clothing not only for our own people and those of our Allies but peoples of other lands.

In fact, we are now furnishing supplies to peoples who are by force required to be neutral.

Many believe that during the war all people should be permitted to not only produce without restrictions but should be urged to produce an abundance of supplies for post-war use and distribution.

Again, it is well to assume that, with a war debt which may reach well over \$100,000,000,000 and with an annual budget which may reach well over \$15,000,000,000, we may not again see prices of food and clothing as low as they are at present; hence, very soon we may wonder why an issue over the present low prices ever developed.

The Representatives from the farm States are demanding not high prices for farm products, but, instead, are insisting that prices be permitted to rise until they reach full parity before any control measures are involved.

Mr. THOMAS of Oklahoma. Mr. President, I wish to read at this point an editorial from one of the leading newspapers of my State, the Daily Oklahoman, published on Saturday, February 28. The first paragraph reads:

ON TWO FRONTS

Thursday afternoon the Senate debated the demand of agriculture for parity prices for its products and the House debated the proposed suspension of the 40-hour week. In the Senate the administration forces opposed what the farmers were demanding. In the House the administration forces fought for what labor was demanding.

I am merely trying to clarify the issue in reading these comments. I am not complaining about the wages of labor. That issue will come before the Senate, and I will have to act on it at the proper time; but I am demanding that the farmers be accorded a fair deal under the laws we have already passed. It is my judgment that no one can justly criticize us for demanding that farmers be accorded prices to the height of at least the lowest ceiling which the Congress has provided.

The editorial continues:

Whether the demands of agriculture and labor were completely just or entirely selfish is not the point that interests us. Our interest lies in the fact that the administration was fighting the farmers furiously at the very time it was fighting for labor right ardently.

It has been so from the very beginning of this war-preparation program. Everything that labor has asked for has been granted freely. Everything that agriculture has asked for has been opposed right stubbornly. It just happens that Thursday was about the first time that the New Deal was seen punching the heads of the farmers and lending a helping hand to labor simultaneously.

It may be true, as so many are saying, that the demands of agriculture and of labor also are just demands. It may be true, as many assert, that the demands of both are purely selfish. And it may be that all of these special appeals for special favors ought to be postponed for the duration. But whether these demands be just or selfish or inopportune or even unpatriotic, they have been made by both classes alike. And an administration that has given one class everything it has asked for has fought to a finish nearly everything the other class has asked for. The administration fought on both fronts simultaneously Thursday afternoon.

There is nothing strange in this attitude of the New Deal toward the classes in question. The New Deal is very largely a proletarian party. It is quite largely an urban party. The big cities dominate the New Deal and the New Deal dominates the Government. By and large, the big cities want the highest possible wages for labor and the lowest prices possible on the food products that come

from the American farm. Hence the controlling element in the New Deal structure is quick to give labor everything it asks and is extremely reluctant to give agriculture anything that increases the price of agricultural commodities. Naturally enough, the Senate battle against parity was led by Senator Brown, of the great industrial State of Michigan.

Of course, the mere intimation that the agricultural States are nothing but stepchildren at the New Deal's banquet board will be challenged angrily by New Deal spokesmen. But the record is before us and it does its own talking. From all that vast agricultural region that lies south of the Potomac and the Ohio and west of the Mississippi come only two members of the President's Cabinet, and neither of the two heads a department that has anything to do with agriculture. And of the nine members of the Supreme Court, not one resides in that vast territory which lies west of a line drawn from Detroit through Louisville and Nashville to Mobile. And what urban labor receives for the asking is won by agriculture by the most desperate fighting. The administration showed both its hands at once Thursday afternoon.

I ask permission to incorporate in the RECORD also an editorial from the Enid (Okla.) Morning News, which sustains the viewpoint we are trying to get before the Senate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Enid (Okla.) Morning News]

THOMAS ON FARM PRICE CONTROL

Stated for Senate action is the Bankhead-Thomas bill to prevent Secretary Wickard and the Department of Agriculture from throwing on the market surplus government-owned stocks of wheat, corn, and cotton in order to keep the prices of these products generally below the 110 percent of parity visioned by the farm price provisions of the price-fixing bill. Senator THOMAS has been the leader in the fight to make effective the 110 parity provision ever since Secretary Wickard announced he would endeavor to keep farm prices down, some as low as 85 percent of parity. To do this, the Secretary threatened to use the buying and selling powers of the price bill to defeat the intent of the Congress in placing in the measure the 110 percent parity clause.

Secretary Wickard fought bitterly for the power of prior approval by himself on farm price ceilings before they could be imposed by Price Fixer Henderson, and was supported in this contention by the farm representatives who little suspected the treachery with which he would turn on them. But the Wickard purpose, as frequently noted in these columns, now becomes clear, and Senator THOMAS, discussing the Secretary's action, uses almost identically the words of the News when he analyzes the real purpose of Mr. Wickard, saying:

"As long as he can keep prices below parity he can come to Congress regularly for the millions that he must have for benefit payments representing the difference between selling and parity prices. And as long as he can do that he can have an excuse to maintain the enormous field agencies that administer these benefits, agencies to make the payments, agencies to measure the crops, and the like.

"The farmers of this Nation are tired of Government hand-outs. They would much rather sell their products at a decent price and receive no benefit payments."

There, in a few words, you have the real reason for the Wickard determination to possess the price-fixing privilege on farm products and thus keep prices down in order to force farmers to seek bounties in lieu of fair prices. The "enormous field agencies"

dealing personally with practically every farmer, constitute a political machine of a power and potency scarcely realized, and which, like other Federal agencies, and regardless of the cost to the farmer and the Nation, are determined to hold onto their power and their jobs.

Mr. THOMAS of Oklahoma. I also ask to have printed in the RECORD copy of a letter just received from an actual dirt farmer who resides in western Oklahoma, expressing the viewpoint of the farmers as to what they wish.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SNYDER, OKLA.,
February 25, 1942.

Hon. Senator ELMER THOMAS,
Washington, D. C.

DEAR SIR: I notice by the papers you have been making a fight in the Senate to better the prices of farm commodities. Owing to the scarcity of farm labor and the high prices of farm labor, a little farmer out here in western Oklahoma will starve to death with the cheap cotton and wheat prices we have had for the last 7 or 8 years.

I realize, to fight this war, the farmers of this country have a big job to feed the world and Army. And to do this the farmers must have prices for their stuff they raise.

I appreciate the work you are trying to get through of helping us out with the prices.

Sit steady in the boat and let us try to feed the world.

Yours very truly,

C. M. PORTWOOD.

Mr. THOMAS of Oklahoma. I also ask permission to insert in the RECORD copy of a letter received today from Edward A. O'Neal, president of the American Farm Bureau Federation. The letter is dated Chicago, February 27, 1942, and it places the federation, one of the large farm organizations, back of the provisions of the so-called Bankhead-Gillette bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FARM BUREAU FEDERATION,
Chicago, Ill., February 27, 1942.

Hon. ELMER THOMAS,
Senator from Oklahoma,
Washington, D. C.

MY DEAR SENATOR THOMAS: I want to express my hearty appreciation to you for supporting S. 2255, which was approved by the Senate on February 25 by a vote of 50 to 23.

The objective of the entire farm program is to bring agriculture to parity. Why should one agency of government be used to depress farm prices below parity when other agencies are doing everything in their power to raise prices up to parity? Parity prices are no burden on the consumer; in fact, consumers are now better able to pay parity prices for food and fiber than they have ever been. The producer of pork should receive parity prices for it, and the man who grew the corn to be converted into pork should also receive parity.

The overwhelming vote of the Senate for this bill is further evidence of the justice of our cause. You have earned the thanks and gratitude of American agriculture.

Sincerely yours,

EDW. A. O'NEAL, President.

Mr. THOMAS of Oklahoma. Mr. President, I wish to call the attention of the Senate to a copy of a newspaper report which has been placed in my hands, dated in Indiana, my native State. The article is under the headline "Allen

County farmers lead the Nation in solemn pledge not to accept any hand-outs from A. A. A. for the duration of the war." I read the pledge they have made:

Believing that the taxpayers of the Nation are about to shoulder the greatest tax burdens in our history, and believing also that economy should be practiced in our Government, as well as in our household, we, as patriotic farmers of Allen County, Ind., do hereby pledge ourselves to refrain from the acceptance of any Government Agricultural Adjustment Administration payments for the growing or nongrowing of any crops, livestock, etc., on our respective farms.

The pledge is signed by 50 farmers of that county. I submit the pledge, Mr. President, to sustain the viewpoint, which I believe is quite current throughout the farm population, that they do not want any more hand-outs in the form of so-called parity payments. They want conditions left so that they can obtain the natural rise in their prices up to parity, and then sell their products on the market at such prices. They think prices will go higher than parity, and they are willing to take that chance; and then, under the price-control law, if the Price Administrator puts on the brakes in order to keep prices down, they will not complain. But they demand now that they have the benefit of the full parity price in the first instance, and not be forced to sell their cotton at several cents a pound below parity, or sell their wheat below parity, or their corn below parity, and then depend upon the Government, through direct appropriations made by the Congress, to make up this difference.

Inasmuch as that issue will come up later on in connection with the regular agricultural appropriation bill—it will come up in the other body first, then in the Senate in the subcommittee of the Appropriations Committee, which is presided over by the distinguished Senator from Georgia [Mr. RUSSELL]—inasmuch as the matter will be handled later in the regular order in the way that no one can criticize or condemn, and, I hope, without anyone being called reprehensible, and relying on the statement of the Senator from Kentucky [Mr. BARKLEY], I shall not offer the amendment about which I gave notice upon a previous date.

Mr. McKELLAR. Mr. President, I believe there is no further amendment to be offered, and I ask for a vote upon the bill.

The PRESIDING OFFICER (Mr. DOXEY in the chair). The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6611) was read the third time, and passed.

Mr. McKELLAR. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS,

Mr. RUSSELL, Mr. NYE, and Mr. HOLMAN conferees on the part of the Senate.

ENLISTMENT OR COMMISSION OPPORTUNITIES IN THE NAVY, MARINE CORPS, OR COAST GUARD

Mr. WALSH. Mr. President, before I submit the conference report on House bill 6446, I should like to call attention to the fact that I have requested that there be placed on the desks of each Senator a committee print from the Senate Committee on Naval Affairs containing information regarding personnel of the Navy, Marine Corps, and Coast Guard. I have found from inquiries made of me, great difficulty in giving information to persons who want to know how to enlist in the Navy, how to obtain a commission in the Navy, and in what units or departments of the Navy there are opportunities for enlistment. The pamphlet is a compilation of such information as I have been able to obtain on the subject, and I think Senators will find it helpful and very useful in informing themselves, and also in sending information to their constituents who are interested in obtaining a commission in the Navy, or Marine Corps, or the Coast Guard, or who desire merely to enlist.

PAY AND ALLOWANCES OF PERSONNEL OF ARMED FORCES LOST OR ABSENT, AND REPEAL OF PENSION PROVISION FOR ELECTIVE OFFICIALS—CONFERENCE REPORT

Mr. WALSH. I submit the conference report on House bill 6446, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6446) to provide for continuing payment of pay and allowances of personnel of the Army, Navy, Marine Corps, and Coast Guard, including the retired and Reserve components thereof, and civilian employees of the War and Navy Departments, during periods of absence from post of duty, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That for the purpose of this Act—

"(a) the term 'person' means (1) commissioned officer, warrant officer, enlisted person (including persons selected under the Selective Training and Service Act, as amended), member of the Army or Navy Nurse Corps (female), wherever serving; (2) commissioned officer of the Coast and Geodetic Survey or the Public Health Service; and (3) civilian officers and employees of departments, during such time as they may be assigned for duty outside the continental limits of the United States or in Alaska;

"(b) the term 'active service' means active service in the Army, Navy, Marine Corps, and Coast Guard of the United States, including active Federal service performed by personnel of the retired and reserve components of these forces, the Coast and Geodetic Survey, the Public Health Service, and active Federal service performed by the civilian officers and

employees defined in paragraph (a) (3) above;

"(c) the term 'dependent' shall be as defined in United States Code, title 37, sections 8 and 8 (a) or such dependent as has been designated in official records;

"(d) the term 'department', including such term when used in the amendment made by section 16, means any executive department, independent establishment, or agency (including corporations) in the executive branch of the Federal Government.

"Sec. 2. Any person who is in active service and is officially reported as missing, missing in action, interned in a neutral country, or captured by an enemy shall, while so absent, be entitled to receive or to have credited to his account the same pay and allowances to which such person was entitled at the time of the beginning of the absence or may become entitled to thereafter: *Provided*, That such person shall not have been officially reported as having been absent from his post of duty without authority: *Provided further*, That expiration of the agreed term of service during the period of such absence shall not operate to terminate the right to receive such pay and allowances: *And provided further*, That should proper authority subsequently determine that the person concerned had been absent from his post of duty without authority, such person shall be indebted to the Government in the amount for which payments have been made or pay and allowances credited to his account in accordance with the provisions of this Act during such absence.

"Sec. 3. Any person entitled under section 2 of this Act to receive pay and allowances, and who has made an allotment of pay for the support of dependents or for the payment of insurance premiums, shall be entitled to have such allotments for dependents or insurance premiums as he previously may have executed continued for a period of twelve months from date of commencement of absence, notwithstanding that the period for which the allotments had been executed may have expired during such twelve months' period, and the proper disbursing officer shall so continue the allotments during such absence: *Provided*, That in the absence of a previously executed allotment, or where the allotment made is not sufficient for reasonable support of a dependent and for the payment of insurance premiums, the head of the department concerned may direct that an allotment not to exceed the base pay, plus longevity of the person concerned, shall be paid by the appropriate disbursing officer to the insurer or such dependent as has been designated in official records, or, in the absence of such designation, to such person as may be determined by the head of the department concerned, or by such person as he may designate, to be a bona fide dependent within the meaning of section 1 (c): *Provided further*, That for the initial period of six months, unless prior decision as to status is made, a monthly allotment for support of such dependent shall be paid in an amount not to exceed the monthly base pay, plus longevity, without regard to the fact that the six months' death gratuity may be paid later: *Provided further*, That at the expiration of the initial six months' period, no further decision having been made as to status, the payment as heretofore provided shall continue for an additional period not to exceed six months; any payment paid to a dependent for a period subsequent to date of death, if death occurred subsequent to the expiration of the first six months' period, shall be deducted from the six months' gratuity: *Provided further*, That the premiums on insurance issued on the life of the person paid by the Government subsequent to the declared date of death and unearned shall revert to the appropriations of the department concerned: *And provided further*, That the total of all payments made under this section, including those for insurance premiums, shall

not exceed the total pay and longevity pay due.

"Sec. 4. When in the opinion of the head of the department concerned the circumstances surrounding the absence of a missing person of one of the classes mentioned in section 2 of this Act justifies such action, in the interest of the Government, or of the missing person, or of a dependent of the missing person, the head of the department, or such person as he may designate, may direct the continuance, suspension, or resumption of payments of the pay and allowances of such person. Except as provided in section 6 of this Act, in the case of a person in the hands of an enemy or interned in a neutral country, payment of allotments may not continue beyond the twelve months' period following the officially reported date of commencement of absence from his post of duty.

"Sec. 5. Upon the expiration of twelve months from the date the person is reported as missing, or missing in action, in the absence of an official report of death of the missing person, the head of the department concerned is authorized to make a finding of death of such person. Following a finding of death, the six months' death gratuity provided by law is authorized to be paid. In the event of the later return of such missing person to the controllable jurisdiction of the head of the department concerned, the pay account of such person shall be reopened and charged with the amount of the six months' death gratuity which may have been paid: *Provided*, That the head of the department concerned in his discretion shall determine a monthly basis for liquidation of the amount of the death gratuity so charged in a reopened pay account.

"Sec. 6. When it is officially reported by the head of the department concerned that a person missing under the conditions specified in section 2 of this Act is alive and in the hands of an enemy or is interned in a neutral country, the payments authorized by section 3 of this Act are, subject to the provisions of section 2 of this Act, authorized to be made for a period not to extend beyond the date of the receipt by the head of the department concerned of evidence that the missing person is dead or has returned to the controllable jurisdiction of the department concerned.

"Sec. 7. The head of the department concerned is hereby authorized to direct the payment of new allotments from the pay of persons in active service (other than persons entitled under section 2 or section 14 of this Act to receive pay and allowances) to increase or decrease the amount of any allotment heretofore or hereafter made by such persons and to continue payment of any allotments of such person which may have expired in November 1941 and any month subsequent thereto, with or without the consent of such person, subject in all cases to termination by specific request of such persons, whenever in the judgment of the head of the department such action is considered essential for the well-being and protection of dependents of persons in active service.

"Sec. 8. Whoever shall obtain or receive any money, check, or allotment under this Act, without being entitled thereto, with intent to defraud shall be punished by a fine of not more than \$2,000 or by imprisonment for not more than one year, or both.

"Sec. 9. Within the scope of the authority granted by this Act, the determination by the head of the department concerned, or by such person as he may designate, of the status of a person in the military or naval forces, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, or civilian officers or employees as defined in paragraph (a) (3) of section 1 of this Act, or his direction relative to continuance, temporary suspension, or resumption of payment of pay and allowances, or finding of death, shall be conclusive.

"Sec. 10. The determination of the fact of dependency under the provisions of this Act, and the determination of the fact of dependency under the provisions of any and all other laws providing for the payment of pay, allowances, or other emoluments to enlisted men of the Army, Navy, Marine Corps, and Coast Guard of the United States where such payments are contingent upon dependency, shall be made by the head of the department concerned, or by such subordinate as he may designate, and such determination so made shall be final and conclusive: *Provided*, That the Act of June 4, 1920 (41 Stat. 824), as amended (U. S. C., title 34, sec. 943), is hereby amended by deleting the word 'actually' in the first proviso.

"Sec. 11. The head of the department concerned, or such person as he may designate, is authorized to settle the accounts of persons for whose account payments have been made pursuant to the provisions of sections 2 to 7, both inclusive, of this Act, and the accounts of survivors of casualties to ships, stations and military installations which result in loss or destruction of disbursing records, and such settlements shall be conclusive upon the accounting officers of the Government in effecting settlements of the accounts of disbursing officers.

"Sec. 12. The dependents and household and personal effects of any person on active duty (without regard to pay grade) who is officially reported as injured, dead, missing as the result of military or naval operations, interned in a neutral country, or captured by the enemy, may be moved (including packing and unpacking of household effects) to the official residence of record for any such person, or, upon application by such dependents, to such other locations as may be determined by the head of the department concerned or by such person as he may designate, by the use of either commercial or Government transportation: *Provided*, That the cost of such transportation, including packing and unpacking, shall be charged against appropriations currently available.

"Sec. 13. Notwithstanding any other provision of law, in the case of any taxable year beginning after December 31, 1940, no Federal income-tax return of, or payment of any Federal income tax by—

"(a) any individual in the military or naval forces of the United States, or

"(b) any civilian officer or employee of any department who, at the time any such return or payment would otherwise become due, is a prisoner of war or is otherwise detained by any foreign government with which the United States is at war, or

"(c) any individual in the military or naval forces of the United States serving on sea duty or outside the continental United States at the time any such return or payment would otherwise become due, shall become due until one of the following dates, whichever is the earliest:

"(1) the fifteenth day of the third month following the month in which he ceases (except by reason of death or incompetency) to be a prisoner of war, or to be detained by any foreign government with which the United States is at war, or to be a member of the military or naval forces of the United States serving on sea duty or outside the continental United States, as the case may be, unless prior to the expiration of such fifteenth day he again is a prisoner of war, or is detained by any foreign government with which the United States is at war, or is a member of the military or naval forces of the United States serving on sea duty or outside the continental United States;

"(2) the fifteenth day of the third month following the month in which the present war with Germany, Italy, and Japan is terminated, as proclaimed by the President; or

"(3) the fifteenth day of the third month following the month in which an executor,

ernment to go into the type of insurance business that cannot be covered by private enterprise.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. MONRONEY. Will the gentleman detail to the Members of the House the number of insurance companies and, if possible, their names, which are willing to write this bombing insurance today?

Mr. VORYS of Ohio. I say to the gentleman that I am surprised, utterly amazed, to find that he does not know that, because they have not called a single insurance-company witness before their committee. They have not had, as far as I know, a single man who is familiar with insurance practice on their committee, and they are going ahead into this vast, unlimited insurance field without calling in one single insurance man who could tell them about the thing. I cannot tell you. My colleague from Ohio [Mr. SMITH] has told you two or three companies that are in this field. I do not know. What I say is that this House is derelict in its duty in barging into this new brand of socialism without at least inquiring from those who are in the business how they ought to go at it.

[Here the gavel fell.]

[Mr. NICHOLS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MONRONEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been much misinformation and confusion about this matter of enacting a businesslike insurance bill. Accusations of flag waving, accusations made by one side or the other have absolutely nothing to do with perfecting a workable and sound war insurance bill.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. Certainly.

Mr. STEAGALL. My good friend the gentleman from Oklahoma declined to yield. I had a question I wanted to propound to him.

Mr. NICHOLS. I will gladly answer it.

Mr. STEAGALL. I was just wondering if we were not on rather dangerous ground in proposing \$3,000 free insurance for the reason that possibly some Congressman might get \$3,000 if his property might be destroyed.

Mr. NICHOLS. There is just as much analogy in that as there is in these arguments about the soldier boys.

Mr. MONRONEY. The idea of this insurance effort, I may say to my very dear friend the gentleman from Ohio, was not to supplant or socialize the insurance field. I do not believe Jesse Jones is one of the leading socialists in Washington. But I do feel that when we find ourselves in a situation where the Nation's insurance companies, according to Mr. Jones, are unable to give any war insurance or assume the bombing risk, that the people should have some place to turn to buy their insurance to protect their homes.

FEAR CAUSED ACTION

The people on our two coasts in December were becoming hysterical because

they had no place to turn for insurance. If I am informed correctly, there was only one company on the Pacific coast which was willing to write this bomb insurance. So the President and Mr. Jones allayed this fear by announcing a temporary coverage of free insurance to all.

I have absolute confidence in the plan Mr. Jones is trying to work out and believe that if Members of the House understood it they would be equally confident. When this bill is passed, people can get insurance from private insurance companies, because the private insurance company can reinsure with the Federal Government through the R. F. C. I believe this will be a money-making proposition for the R. F. C.

Have we become so frightened that we are afraid bombs will wipe out the entire property of the United States?

Do you not believe our Army and our Navy will be able to prevent all but a very few bombs from falling on this country?

The whole theory of insurance is to spread the risk. I believe everyone understands that; and that is the reason we are trying to keep this on a businesslike basis so that \$3,000 homes in Oklahoma will stand an equal share of the responsibility with the \$3,000 homes in Pennsylvania and New York, Maine, and Florida. Thus we build up an insurance fund to pay for any damage that might occur in isolated instances, each property insured helping to create a fund by the payment of its own very small premium. I do not think we can all expect Uncle Sam to be big enough to pay off on damage unless property owners help by paying their small fees into the fund. Such insurance gives prudent men an opportunity to go in and protect that property with insurance just as he protects it from fire. I may say that there is as much greater chance for anybody's house in the United States being destroyed by fire, hail, tornado, or earthquake as there is that the house will be wiped out by bomb damage. This insurance is a plain, businesslike undertaking. Bomb insurance in America is a good risk. I know Jesse Jones well enough to know that when the annual report of this insurance company comes in he will show a profit on this operation.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. The gentleman mentions that this is a plain, businesslike proposition to go into effect when other insurance is not available. Can the gentleman point out anywhere where there is a requirement for businesslike provisions in here or any such limitation in this resolution as that it shall not go into effect until other insurance is unavailable?

Mr. MONRONEY. There may be two or three small insurance companies that may make this insurance available now, but it would not be available to all property owners over the country; therefore we have to furnish a reinsurance fund to make it possible for your constituents and mine, if they are prudent, to get a bomb-damage rider on their policies.

Mr. VORYS of Ohio. Why does the gentleman object to the limitation?

Mr. MONRONEY. If you make this limitation, you are not going to be able to carry your insurance for your war plants; you are not going to be able to carry insurance for your necessary utilities, facilities, or anything else. This is a business proposition. The premiums they pay, because of their very size, will furnish more profit to the R. F. C. than will be earned on small policies. If the gentleman's rider should be inserted in this bill, you would cut out the greatest opportunity Jesse Jones has of making a profit on this operation.

Mr. VORYS of Ohio. We have to make money; is that the purpose? Is that the reason why we do not have the limitation? So the Government can make money out of the insurance business?

Mr. MONRONEY. Suppose you have a defense plant in your district making propellers. That man has an investment of \$200,000 in his plant. If that is destroyed through bomb damage, where would he collect on the balance of his investment? We have important businesses throughout America in defense that we have to maintain. It is strictly a business proposition, and they should be permitted to buy their insurance. We are not giving anything away.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The amendment was rejected.

The Clerk read as follows:

SEC. 3. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized to issue and have outstanding at any one time under existing law is hereby increased, in addition to the increase authorized in section 2 of this act, by \$2,500,000,000.

The CHAIRMAN. The question is on the committee substitute amendment as amended.

The committee substitute amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. O'NEAL, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2198, to provide for the financing of the War Damage Corporation, to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes, pursuant to House Resolution 449, he reported the same back to the House with an amendment agreed to in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Baldridge, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6611. An act making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. HOLMAN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 1782. An act to authorize the payment of a donation to and to provide for the travel at Government expense of persons discharged from the Army of the United States on account of fraudulent enlistment; and

S. 1891. An act to amend an act to provide allowances for uniforms and equipment for certain officers of the Officers' Reserve Corps of the Army so as to provide allowances for uniforms and equipment for certain officers of the Army of the United States.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6446) entitled "An act to provide for continuing payment of pay and allowances of personnel of the Army, Navy, Marine Corps, and Coast Guard, including the retired and Reserve components thereof, and civilian employees of the War and Navy Departments, during periods of absence from post of duty, and for other purposes."

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments:

First. Department of the Navy.

Second. Department of War.

THIRD SUPPLEMENTAL APPROPRIATION BILL FOR NATIONAL DEFENSE

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6611) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, with Senate amendments thereto, and consider the same.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

The Clerk read the Senate amendments, as follows:

Page 2, line 19, strike out "\$928,928,000" and insert "\$1,525,764,000."

Page 3, line 3, strike out "\$3,391,166,900" and insert "\$3,988,002,900."

Page 8, line 7, strike out "\$580,000,000" and insert "\$675,000,000."

Page 8, line 8, strike out "\$5,330,000,000" and insert "\$5,425,000,000."

Page 9, line 6, strike out "1942" where it appears the second time, and insert "1941."

Page 10, after line 24, insert:

"Sec. 403. Limitations on appropriations heretofore enacted and available for obligation during the fiscal years 1942 and 1943, which prohibit the use of such appropriations and other funds for the employment in the service of the District of Columbia and the United States (including any agency a majority of the stock of which is owned by the Government of the United States) of persons who are not citizens of the United States or who have not filed declarations of intention to become such, shall not apply hereafter to citizens of the Commonwealth of the Philippines."

Page 11, line 1, strike out "403" and insert "404."

Mr. CANNON of Missouri. Mr. Speaker, there are only three minor amendments. One of them restores \$95,000,000 of the cut of \$100,000,000 made by the House in the Budget for category 9. That is for services and expenses.

The second adds \$596,000,000 for additional clothing for the Army. This is the amount of a supplementary Budget estimate sent to the Senate.

The third makes retroactive the provision exempting Filipinos from the law prohibiting the employment by the Federal Government of noncitizens.

Mr. TABER. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. Does it not also provide that it shall apply to all other bills as well as to this one?

Mr. CANNON of Missouri. Yes; this makes it retroactive and applicable to all previous bills.

Mr. TABER. And to all future ones also?

Mr. CANNON of Missouri. It enacts the provision as permanent law.

Mr. TABER. The items that were added include an item for clothing that was estimated by the Budget for the Army and \$95,000,000 for the lease-lend operations in connection with warehouses, that was cut out by the committee.

Mr. CANNON of Missouri. Warehouses and missions.

Mr. TABER. Yes. As to the clothing, I do not think there should be any question.

As for the other item, I presume before we get through with it it probably would be approved, and I do not see any reason for going to conference on it. I do not see where anything would be gained.

I can see no objection to the item with reference to the Filipinos.

Mr. CANNON of Missouri. I am certain that meets with general approval.

Mr. TABER. Yes.

Mr. CANNON of Missouri. Mr. Speaker, agreement on these three minor items completes legislative action on the largest appropriation ever made for any purpose by any parliamentary body in the history of the world. In view of the general acquiescence on the part of all members of the committee who are available, I move that the House concur in the Senate amendments.

The motion was agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move to reconsider the vote by which the Senate amendments were concurred in, and lay that motion on the table.

The motion was agreed to.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, FISCAL YEAR 1943

Mr. NELSON, from the Committee on Rules, submitted the following privileged resolution (H. Res. 453), which was referred to the House Calendar and ordered printed:

Resolved, That during the consideration of the bill (H. R. 6709) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1943, and for the bill or any provisions contained therein other purposes, all points of order against are hereby waived.

COORDINATION OF FORWARDING AND SIMILAR SERVICING OF WATER-BORNE FOREIGN COMMERCE OF THE UNITED STATES

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6291) to amend the Merchant Marine Act, 1936, as amended, to provide for the coordination of the forwarding and similar servicing of water-borne export and import foreign commerce of the United States, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 2, strike out "directed." and insert "directed."

Page 3, line 2, after "directed", insert "": And provided further, That nothing herein shall be deemed to affect the power or jurisdiction of the Interstate Commerce Commission, nor confer upon the Maritime Commission concurrent power or jurisdiction over any matter within the power or jurisdiction of the Interstate Commerce Commission."

Page 3, after line 2, insert:

"(c) In conformity with the President's Executive order of February 7, 1942 (No. 9054; 7 Federal Register 837), the functions and duties of the Commission under this section, insofar as they pertain to functions and duties of the Commission transferred by such Executive order to the Administrator of the War Shipping Administration, shall be performed by such Administrator."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, as I understand, this bill is just to preserve the rights of the Interstate Commerce Commission?

Mr. BLAND. When the bill was before the House this amendment was sent up. I could see no objection to it, but it had not been considered by the committee

77TH CONGRESS
2D SESSION

H. R. 6611

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1942

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for the national
5 defense for the fiscal year ending June 30, 1942, and for
6 other purposes, namely:

7 TITLE I—WAR DEPARTMENT

8 MILITARY ACTIVITIES

9 For additional amounts for appropriations for the Mili-
10 tary Establishment, fiscal year 1942, to be supplemental to,
11 and merged with, the appropriations under the same heads

1 in the Military Appropriation Act, 1942, including the objects
 2 and subject to the limitations and conditions specified under
 3 the said heads respectively in that Act, except as otherwise
 4 provided herein, and such appropriations, together with ap-
 5 propriations supplemental thereto heretofore and herein made
 6 shall remain available until June 30, 1943, as follows:

7 OFFICE OF THE SECRETARY OF WAR

8 Expediting production: For expediting production of
 9 equipment and supplies for national defense, including the
 10 proviso clause under this head in the Fourth Supplemental
 11 National Defense Appropriation Act, 1942, \$3,011,512,000.

12 QUARTERMASTER CORPS

13 QUARTERMASTER SERVICE, ARMY

14 Subsistence of the Army: For subsistence of the Army,
 15 \$145,830,000;

16 Regular supplies of the Army: For regular supplies of
 17 the Army, \$67,982,000;

18 Clothing and equipage: For clothing and equipage,
 19 (1)~~\$928,928,000~~ \$1,525,764,000;

20 Army transportation: For Army transportation, \$2,245,-
 21 701,000: *Provided*, That the provisions of section 302 (c) of
 22 the Treasury and Post Office Departments Appropriation
 23 Act, 1942, shall not apply to vehicles used or to be procured
 24 by the War Department for military activities;

1 Horses, draft and pack animals: For horses, draft and
2 pack animals, \$2,725,900;

3 In all, **(2)** ~~\$3,391,166,900~~ \$3,988.002,900: *Provided,*
4 That all funds heretofore and herein appropriated for the fiscal
5 year 1942, under the titles "Welfare of enlisted men", Subsist-
6 ence of the Army", "Regular supplies of the Army", "Clothing
7 and equipage", "Incidental expenses of the Army", "Army
8 transportation", and "Horses, draft and pack animals" shall be
9 disbursed and accounted for as one fund under the appropria-
10 tion title "Quartermaster Service, Army", and shall remain
11 available until June 30, 1943: *Provided further,* That said
12 appropriation shall not be subject to any limitations contained
13 in the Military Appropriation Act, 1942, under the appropri-
14 ation titles named in this paragraph except the first and
15 second provisos under the title "Subsistence of the Army",
16 and the limitations on the unit cost of light and medium
17 passenger-carrying automobiles under the title "Army Trans-
18 portation".

SIGNAL CORPS

20 Signal Service of the Army: For Signal Service of the
21 Army, \$1,349,000,000.

AIR CORPS

23 Air Corps, Army: For Air Corps, Army, \$167,440,000,

1 MEDICAL DEPARTMENT, ARMY

2 Medical and Hospital Department: For Medical and
3 Hospital Department, Army, \$171,178,000.

4 CORPS OF ENGINEERS

5 Engineer Service, Army: For Engineer Service, Army,
6 \$1,226,300,000: *Provided*, That all funds heretofore and
7 herein appropriated for the fiscal year 1942, under the titles
8 "Engineer Service, Army", "Military construction, defense
9 installations", "Construction of buildings, utilities, and appur-
10 tenances at military posts", "Barracks and quarters", and
11 "Construction and repair of hospitals" shall be disbursed and
12 accounted for as one fund under the title "Engineer Service,
13 Army", and shall remain available until June 30, 1943.

14 ORDNANCE DEPARTMENT

15 Ordnance service and supplies, Army: For Ordnance
16 service and supplies, Army, \$13,252,200,000, of which not
17 to exceed \$920,000,000 shall be available for payments under
18 contracts for the production or procurement of ordnance
19 matériel, machinery, and supplies under authorizations under
20 this head contained in appropriation Acts for the fiscal years
21 1941 and 1942.

22 CHEMICAL WARFARE SERVICE

23 Chemical Warfare Service: For Chemical Warfare Serv-
24 ice, Army, \$288,336,000.

25 SEACOAST DEFENSES

26 Seacoast defenses: For seacoast defenses, \$31,769,000.

GENERAL PROVISIONS

SEC. 101. The limitation of 5 per centum upon the amount which may be transferred from one appropriation to another, with the approval of the Director of the Bureau of the Budget, contained in section 3 of the Military Appropriation Act, 1942, is hereby increased to 10 per centum.

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11) : *Provided*, That the total value of articles disposed of under this authority shall not exceed \$11,250,000,000.

SEC. 103. This title may be cited as "Title V, Military Appropriation Act, 1942".

TITLE II—UNITED STATES MARITIME

COMMISSION

SEC. 201. Construction fund, United States Maritime Commission: For an additional amount to increase the construction fund established by the "Merchant Marine Act", as supplemented by title III of the "First Supplemental National Defense Appropriation Act, 1942", for the construction

1 of vessels, production and procurement of parts, equipment,
2 material, and supplies for such vessels, and the establishment,
3 acquisition, construction, enlargement, or extension of plants
4 or facilities, \$1,502,000,000, of which not to exceed \$2,000,-
5 000 shall be available for administrative expenses, and the
6 Commission is authorized, in addition to such appropriation
7 of \$1,502,000,000, to enter into contracts for the same pur-
8 poses (except administrative expenses) in an amount not
9 to exceed \$2,350,000,000: *Provided*, That whenever the
10 President deems it to be in the interest of national defense
11 he may authorize the Commission to lease vessels herein
12 authorized to be constructed to the government of any
13 country whose defense the President deems vital to the
14 defense of the United States, in accordance with the provi-
15 sions of the Act of March 11, 1941 (Public Law 11): *Pro-*
16 *vided further*, That the provisions of sections 2 and 4, and the
17 several proviso clauses contained in section 1 of the Act of
18 February 6, 1941, shall apply to all the activities and func-
19 tions which the Commission is hereby authorized to perform.

20 TITLE III—DEFENSE AID

21 SEC. 301. To enable the President, through such depart-
22 ments or agencies of the Government as he may designate,
23 further to carry out the provisions of an Act to promote the
24 defense of the United States, approved March 11, 1941, and
25 for each and every purpose incident to or necessary therefor,

1 the following sums for the following respective purposes,
2 namely:

3 (a) For the procurement, by manufacture or otherwise,
4 of defense articles, information and services, for the govern-
5 ment of any country whose defense the President deems vital
6 to the defense of the United States, and the disposition
7 thereof, including all necessary expenses in connection there-
8 with, as follows:

9 (3) Automobiles, trucks and other automotive vehicles,
10 spare parts, and accessories, \$129,015,000.

11 (4) Vessels, ships, boats, and other watercraft, including
12 the hire or other temporary use thereof, and equipage, sup-
13 plies, materials, spare parts, and accessories, \$734,420,000.

14 (6) Facilities and equipment for the manufacture, pro-
15 duction, or operation of defense articles and for otherwise
16 carrying out the purposes of the Act of March 11, 1941,
17 including the acquisition of land, and the maintenance and
18 operation of such facilities and equipment, \$111,450,000.

19 (7) Agricultural, industrial, and other commodities and
20 articles, \$3,567,115,000.

21 (b) For testing, inspecting, proving, repairing, outfit-
22 ting, reconditioning, or otherwise placing in good working
23 order any defense articles for the government of any country
24 whose defense the President deems vital to the defense of

1 the United States, including services and expenses in con-
 2 nection therewith, \$208,000,000.

3 (c) For necessary services and expenses for carrying out
 4 the purposes of the Act of March 11, 1941, not specified or
 5 included in the foregoing, ~~(3)\$580,000,000~~ \$675,000,000.

6 (d) In all, ~~(4)\$5,330,000,000~~ \$5,425,000,000, to re-
 7 main available until June 30, 1943.

8 (e) Each of the foregoing appropriations shall be addi-
 9 tional to, and consolidated with, the appropriations for the
 10 same purpose contained in the same respective categories of
 11 appropriation in the Defense Aid Supplemental Appropriation
 12 Act, 1941, and the Defense Aid Supplemental Appropriation
 13 Act, 1942: *Provided*, That with the exception of the appro-
 14 priation for administrative expenses, not to exceed 20 per
 15 centum of any such consolidated appropriations may be trans-
 16 ferred by the President to any other of such consolidated
 17 appropriations, but no such consolidated appropriation shall
 18 be increased more than 30 per centum thereby.

19 SEC. 302. Any defense article procured pursuant to this
 20 title shall be retained by or transferred to and for the use
 21 of such department or agency of the United States as the
 22 President may determine, in lieu of being disposed of to a
 23 foreign government, whenever in the judgment of the Presi-
 24 dent the defense of the United States will be best served
 25 thereby.

1 SEC. 303. The term "defense article" as used in section
 2 102 of the Third Supplemental National Defense Appropria-
 3 tion Act, 1942, approved December 17, ~~(5)1942~~ 1941
 4 (Public Law 353), in section 102 of the Fourth Supplemen-
 5 tal National Defense Appropriation Act, 1942, approved
 6 January 30, 1942 (Public Law 422), in section 301 of the
 7 Act of February 7, 1942 (Public Law 441), and in section
 8 102 of this Act shall be deemed to include defense information
 9 and services, and the expenses in connection with the pro-
 10 curement or supplying of defense articles, information, and
 11 services.

12 SEC. 304. This title may be cited as the "Second De-
 13 fense Aid Supplemental Appropriation Act, 1942".

14 TITLE IV—GENERAL PROVISIONS

15 SEC. 401. No part of any appropriation contained in
 16 this Act shall be used to pay the salary or wages of any
 17 person who advocates, or who is a member of an organization
 18 that advocates, the overthrow of the Government of the
 19 United States by force or violence: *Provided*, That for the
 20 purposes hereof an affidavit shall be considered prima facie
 21 evidence that the person making the affidavit does not ad-
 22 vocate, and is not a member of an organization that advo-
 23 cates, the overthrow of the Government of the United States
 24 by force or violence: *Provided further*, That any person
 25 who advocates, or who is a member of an organization that

1 advocates, the overthrow of the Government of the United
2 States by force or violence and accepts employment the salary
3 or wages for which are paid from any appropriation in this
4 Act shall be guilty of a felony and, upon conviction, shall be
5 fined not more than \$1,000 or imprisoned for not more than
6 one year, or both: *Provided further*, That the above penalty
7 clause shall be in addition to, and not in substitution for, any
8 other provisions of existing law.

9 SEC. 402. No part of any appropriation contained in this
10 Act or authorized hereby to be expended (except as other-
11 wise provided for herein) shall be used to pay the compensa-
12 tion of any officer or employee of the Government of the
13 United States, whose post of duty is in continental United
14 States unless such person is a citizen of the United States, or
15 a person in the service of the United States on the date of the
16 approval of this Act who being eligible for citizenship had
17 theretofore filed a declaration of intention to become a citizen
18 or who owes allegiance to the United States. This section
19 shall not apply to citizens of the Commonwealth of the
20 Philippines.

21 **(6)**SEC. 403. *Limitations on appropriations heretofore en-*
22 *acted and available for obligation during the fiscal years*
23 *1942 and 1943, which prohibit the use of such appropriations*
24 *and other funds for the employment in the service of the*
25 *District of Columbia and the United States (including any*

1 *agency a majority of the stock of which is owned by the*
 2 *Government of the United States) of persons who are not*
 3 *citizens of the United States or who have not filed declara-*
 4 *tions of intention to become such, shall not apply hereafter*
 5 *to citizens of the Commonwealth of the Philippines.*

6 SEC. ~~(7)~~⁴⁰³ 404. This Act may be cited as the "Fifth
 7 Supplemental National Defense Appropriation Act, 1942."

Passed the House of Representatives February 17, 1942.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

Passed the Senate with amendments March 2 (legislative
 day, February 13), 1942.

Attest:

EDWIN A. HALSEY,

Secretary.

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1942

Ordered to be printed with the amendments of the
Senate numbered

[PUBLIC LAW 474—77TH CONGRESS]

[CHAPTER 141—2D SESSION]

[H. R. 6611]

AN ACT

Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the national defense for the fiscal year ending June 30, 1942, and for other purposes, namely:

TITLE I—WAR DEPARTMENT

MILITARY ACTIVITIES

For additional amounts for appropriations for the Military Establishment, fiscal year 1942, to be supplemental to, and merged with, the appropriations under the same heads in the Military Appropriation Act, 1942, including the objects and subject to the limitations and conditions specified under the said heads respectively in that Act, except as otherwise provided herein, and such appropriations, together with appropriations supplemental thereto heretofore and herein made shall remain available until June 30, 1943, as follows:

OFFICE OF THE SECRETARY OF WAR

Expediting production: For expediting production of equipment and supplies for national defense, including the proviso clause under this head in the Fourth Supplemental National Defense Appropriation Act, 1942, \$3,011,512,000.

QUARTERMASTER CORPS

QUARTERMASTER SERVICE, ARMY

Subsistence of the Army: For subsistence of the Army, \$145,830,000;
Regular supplies of the Army: For regular supplies of the Army, \$67,982,000;

Clothing and equipage: For clothing and equipage, \$1,525,764,000;

Army transportation: For Army transportation, \$2,245,701,000;
Provided, That the provisions of section 302 (c) of the Treasury and Post Office Departments Appropriation Act, 1942, shall not apply to vehicles used or to be procured by the War Department for military activities;

Horses, draft and pack animals: For horses, draft and pack animals, \$2,725,900;

In all, \$3,988,002,900: *Provided*, That all funds heretofore and herein appropriated for the fiscal year 1942, under the titles "Welfare of enlisted men", "Subsistence of the Army", "Regular supplies of the Army", "Clothing and equipage", "Incidental expenses of the Army", "Army transportation", and "Horses, draft and pack animals" shall be disbursed and accounted for as one fund under the appropriation title "Quartermaster Service, Army", and shall remain available until June 30, 1943: *Provided further*, That said appropriation shall not be subject to any limitations contained in the Military Appropriation Act, 1942, under the appropriation titles named in this paragraph except the first and second provisos under the title "Subsistence of the Army", and the limitations on the unit cost of light and medium passenger-carrying automobiles under the title "Army Transportation".

SIGNAL CORPS

Signal Service of the Army: For Signal Service of the Army, \$1,349,000,000.

AIR CORPS

Air Corps, Army: For Air Corps, Army, \$167,440,000.

MEDICAL DEPARTMENT, ARMY

Medical and Hospital Department: For Medical and Hospital Department, Army, \$171,178,000.

CORPS OF ENGINEERS

Engineer Service, Army: For Engineer Service, Army, \$1,226,300,000: *Provided*, That all funds heretofore and herein appropriated for the fiscal year 1942, under the titles "Engineer Service, Army", "Military construction, defense installations", "Construction of buildings, utilities, and appurtenances at military posts", "Barracks and quarters", and "Construction and repair of hospitals" shall be disbursed and accounted for as one fund under the title "Engineer Service, Army", and shall remain available until June 30, 1943.

ORDNANCE DEPARTMENT

Ordnance service and supplies, Army: For Ordnance service and supplies, Army, \$13,252,200,000, of which not to exceed \$920,000,000 shall be available for payments under contracts for the production or procurement of ordnance matériel, machinery, and supplies under authorizations under this head contained in appropriation Acts for the fiscal years 1941 and 1942.

CHEMICAL WARFARE SERVICE

Chemical Warfare Service: For Chemical Warfare Service, Army, \$288,336,000.

SEACOAST DEFENSES

Seacoast defenses: For seacoast defenses, \$31,769,000.

GENERAL PROVISIONS

SEC. 101. The limitation of 5 per centum upon the amount which may be transferred from one appropriation to another, with the approval of the Director of the Bureau of the Budget, contained in section 3 of the Military Appropriation Act, 1942, is hereby increased to 10 per centum.

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated in this title, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11): *Provided*, That the total value of articles disposed of under this authority shall not exceed \$11,250,000,000.

SEC. 103. This title may be cited as "Title V, Military Appropriation Act, 1942".

TITLE II—UNITED STATES MARITIME COMMISSION

SEC. 201. Construction fund, United States Maritime Commission: For an additional amount to increase the construction fund established by the "Merchant Marine Act", as supplemented by title III of the "First Supplemental National Defense Appropriation Act, 1942", for the construction of vessels, production and procurement of parts, equipment, material, and supplies for such vessels, and the establishment, acquisition, construction, enlargement, or extension of plants or facilities, \$1,502,000,000, of which not to exceed \$2,000,000 shall be available for administrative expenses, and the Commission is authorized, in addition to such appropriation of \$1,502,000,000, to enter into contracts for the same purposes (except administrative expenses) in an amount not to exceed \$2,350,000,000: *Provided*, That whenever the President deems it to be in the interest of national defense he may authorize the Commission to lease vessels herein authorized to be constructed to the government of any country whose defense the President deems vital to the defense of the United States, in accordance with the provisions of the Act of March 11, 1941 (Public Law 11): *Provided further*, That the provisions of sections 2 and 4, and the several proviso clauses contained in section 1 of the Act of February 6, 1941, shall apply to all the activities and functions which the Commission is hereby authorized to perform.

TITLE III—DEFENSE AID

SEC. 301. To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, the following sums for the following respective purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense

articles, information and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

(3) Automobiles, trucks and other automotive vehicles, spare parts, and accessories, \$129,015,000.

(4) Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, \$734,420,000.

(6) Facilities and equipment for the manufacture, production, or operation of defense articles and for otherwise carrying out the purposes of the Act of March 11, 1941, including the acquisition of land, and the maintenance and operation of such facilities and equipment, \$111,450,000.

(7) Agricultural, industrial, and other commodities and articles, \$3,567,115,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, \$208,000,000.

(c) For necessary services and expenses for carrying out the purposes of the Act of March 11, 1941, not specified or included in the foregoing, \$675,000,000.

(d) In all, \$5,425,000,000, to remain available until June 30, 1943.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purpose contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, and the Defense Aid Supplemental Appropriation Act, 1942: *Provided*, That with the exception of the appropriation for administrative expenses, not to exceed 20 per centum of any such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such consolidated appropriation shall be increased more than 30 per centum thereby.

SEC. 302. Any defense article procured pursuant to this title shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

SEC. 303. The term "defense article" as used in section 102 of the Third Supplemental National Defense Appropriation Act, 1942, approved December 17, 1941 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942, approved January 30, 1942 (Public Law 422), in section 301 of the Act of February 7, 1942 (Public Law 441), and in section 102 of this Act shall be deemed to include defense information and services, and the expenses in connection with the procurement or supplying of defense articles, information, and services.

SEC. 304. This title may be cited as the "Second Defense Aid Supplemental Appropriation Act, 1942".

TITLE IV—GENERAL PROVISIONS

SEC. 401. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 402. No part of any appropriation contained in this Act or authorized hereby to be expended (except as otherwise provided for herein) shall be used to pay the compensation of any officer or employee of the Government of the United States, whose post of duty is in continental United States unless such person is a citizen of the United States, or a person in the service of the United States on the date of the approval of this Act who being eligible for citizenship had theretofore filed a declaration of intention to become a citizen or who owes allegiance to the United States. This section shall not apply to citizens of the Commonwealth of the Philippines.

SEC. 403. Limitations on appropriations heretofore enacted and available for obligation during the fiscal years 1942 and 1943, which prohibit the use of such appropriations and other funds for the employment in the service of the District of Columbia and the United States (including any agency a majority of the stock of which is owned by the Government of the United States) of persons who are not citizens of the United States or who have not filed declarations of intention to become such, shall not apply hereafter to citizens of the Commonwealth of the Philippines.

SEC. 404. This Act may be cited as the "Fifth Supplemental National Defense Appropriation Act, 1942."

Approved, March 5, 1942.

